OAG ZIMBABWE
Office of the Auditor-General

REPORT

of the

Auditor-General

for the

FINANCIAL YEAR ENDED DECEMBER 31, 2023

ON

STATE OWNED ENTERPRISES AND PARASTATALS

Presented to Parliament of Zimbabwe: 2024

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, Economic Development and Investment Promotion
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, 2023

Yours faithfully,

R. KUJINGA,
ACTING AUDITOR-GENERAL.

HARARE
June 17, 2024.

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.

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LIST OF ACRONYMS

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

28. ZCDC - Zimbabwe Consolidated Diamond Company

29. ZETDC - Zimbabwe Electricity Transmission and Distribution Company

30. ZIMRA - Zimbabwe Revenue Authority

31. ZIMSEC - Zimbabwe School Examinations Council

32. ZINARA - Zimbabwe National Roads Administration

33. ZWL$ - Zimbabwean Dollar

DEFINATION OF TERMS

“Public entity” means—

a) any corporate body established by or in terms of any Act for special purposes;
b) any company in which the State has a controlling interest, whether by virtue of holding or controlling shares therein or by virtue of a right of appointment of members to the controlling body thereof or otherwise, and includes any company which is a subsidiary, as determined in accordance with section 143 of the Companies and Other Businesses Entities Act [*Chapter 24:03*], of such a body;
c) a local authority;
d) any partnership or joint venture between the State and any person and which is prescribed by the Minister for the purposes of the application of this Act to be a partnership or joint venture;

“Generally Accepted Accounting Practice” – means accounting practices and procedures that are consistent with the Public Finance Management Act [*Chapter 22:19*] and are recognized by the accounting profession as appropriate for reporting financial information relating to a public entity.

“Consolidated financial statements” - in relation to annual financial statements, means to combine the annual financial statements of reporting unit, public entity and constitutional entity;

“Going concern assumption” – an entity is viewed as continuing in business for the foreseeable future. financial statements are prepared on going concern basis, unless management intends to liquidate the entity or cease operations or has no realistic alternative to do so.

“Misstatement of financial statements”- according to the International Standards on Auditing (ISAs) a misstatement represents: “A difference between the amount, classification, presentation or disclosure of a reported financial statement item and the amount classification, presentation, or disclosure that is required for the item to be in accordance with the applicable financial reporting framework.

Types of Audit opinions

- **“Unqualified / clean audit opinion”** – The financial statements contain no material misstatements.

- **“Qualified audit opinion” –** The financial statements contain material misstatements in specific amounts, or there is insufficient evidence to conclude that specific amounts included in the financial statements are not materially misstated.

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

- **“Disclaimer of opinion” –** The auditor has not been able to obtain sufficient to provide a basis of an audit opinion. The lack of sufficient evidence is not confined to specific not confined to, or represents a substantial portion of the financial statements.

PREAMBLE

Introduction

This report contains the results of audits of State-Owned Enterprises and Parastatals (SOEs) following the end of the 2023 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, 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 address service delivery issues.

Mandate

My mandate is set out in the Constitution of Zimbabwe Amendment (No. 20) Act 2013 and amplified in the Audit Office Act [*Chapter 22:18*]. I am required 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.

Public entities continued to receive modified opinions for 2022 and 2023 due to inability to adjust for misstatements on the opening balances by not applying the requirements of International Accounting Standard (IAS) 8 – "Accounting Policies, Changes in Accounting Estimates and Errors". Fifty percent of the public entities that I have audited received modified opinions except for financial institutions, some educational institutions and some companies.

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 to the possibility of fraud, I plan my audits to have a reasonable expectation of its disclosure if the potential effects of the fraud would be material in the financial statements. However, there are many kinds of fraudulent activities, particularly those involving defalcation, forgery, collusion and management override of controls, which would be unreasonable to expect the normal audit to uncover.

Audit opinion

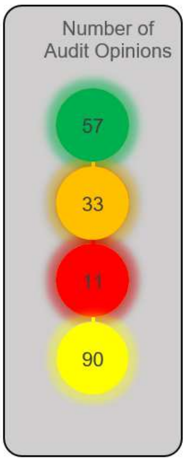
The principal objective of my audit procedures is to enable me to express an opinion on the truth and fairness of the financial statements as a whole. An audit opinion is based on the concept of reasonable assurance. It is not a guarantee that the financial statements are free of misstatements. Where I have issued an unqualified / clean, qualified and adverse opinion, 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. Where an entity received a disclaimer of opinion its merely because I was unable to obtain sufficient and appropriate audit evidence to express an opinion.

In this report I have issued fifty seven (57) Unmodified / clean opinions, eleven (11) Disclaimer of opinion, ninety (90) Qualified opinions of which eighty five (85) relate to non-compliance with the standards in particular IAS 8 – " Accounting Policies, Changes in Accounting Estimates and Errors", IFRS 13 – "Fair Value Measurements, IAS 16 – "Property, Plant and Equipment" and IAS 21- "The Effect of Changes in Foreign Exchange Rates" whilst four (4) were qualified for unsupported expenditure and suspense accounts. I have also issued thirty-three (33) Adverse opinions and reported twenty-six (26) entities with conditions that may cast doubt on the entity's ability to continue operating as a going concern. These going concern conditions ranges from continued operation losses / (deficits), under capitalization and liquidity challenges where current assets exceeded current liabilities. Diagram below refers;

Audit Opinions included in this report

Key

Unqualified / Clean	
Adverse	
Disclaimer	
Qualified	



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, 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 on findings that I reported in the previous annual reports. I have reported on the progress towards addressing these findings. Although some of the issues identified are common within the audited entities, the majority of the findings are not the same due to the nature, uniqueness and varying mandates of the entities.

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 and technical support and our printers. Finally, I extend my sincere appreciation to my management and staff for their continued commitment and dedication to duty. Without all this support, the production of this report could not have been possible.

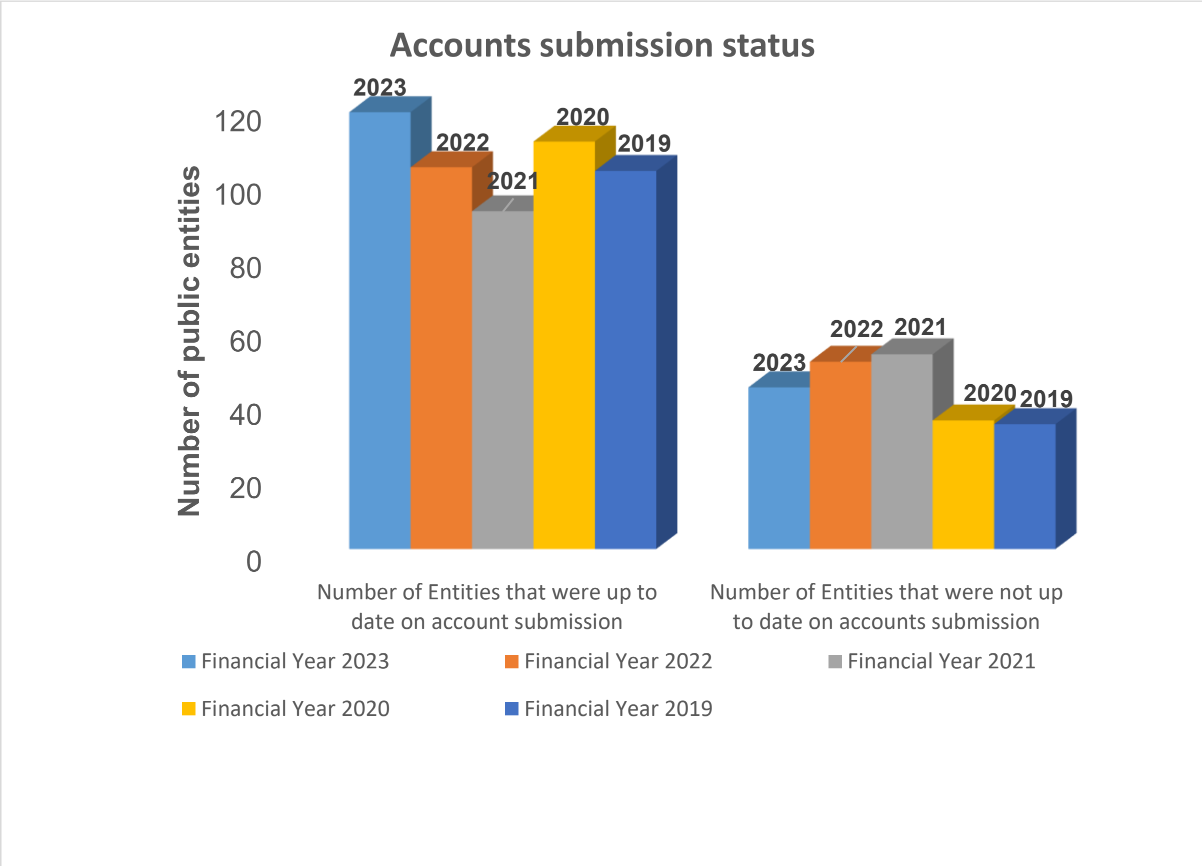
HARARE
June 17, 2024

R. KUJINGA,
ACTING AUDITOR-GENERAL.

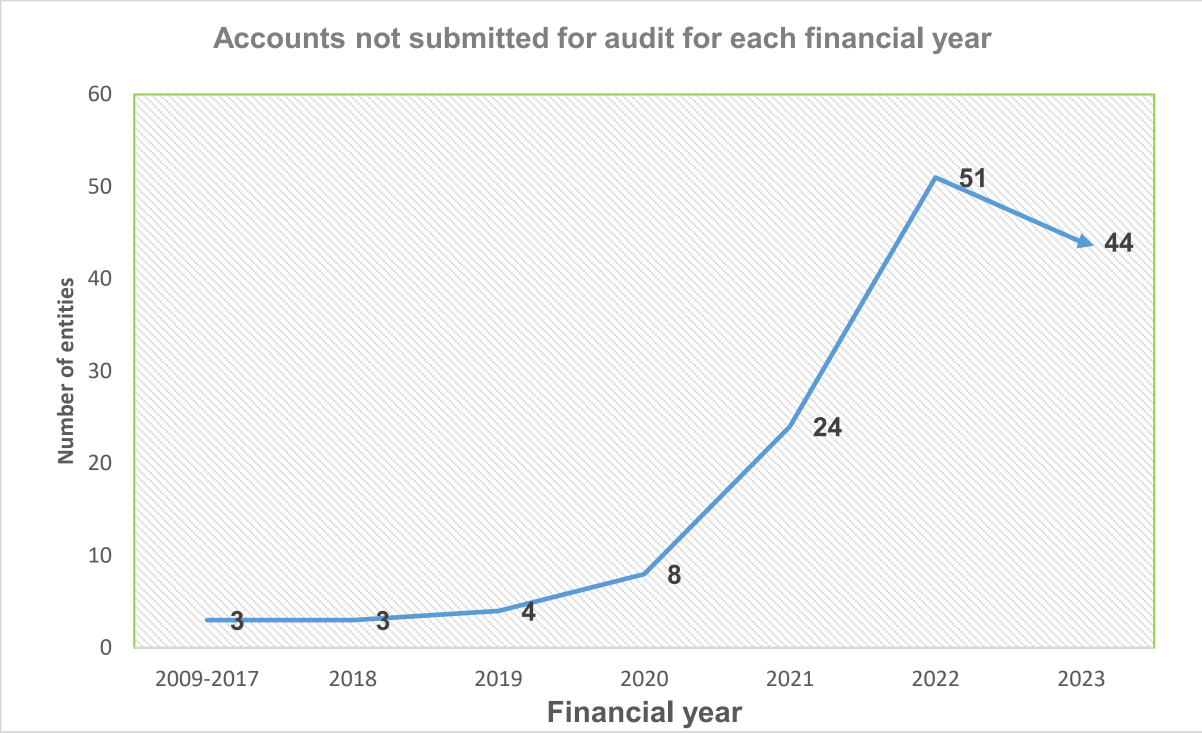
EXECUTIVE SUMMARY

This report covers the audit results of the audit of the one hundred and ninety-one (191) financial statements of one hundred and sixty-one (161) audited State Owned Enterprises and Parastatals (SOEs). The financial statements audited 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.

There has been an improvement in submission of financial statements. At the time of producing this report, in relation to the 2019, 2020, 2021, 2022 and 2023 financial years, one hundred and ninety-one (191) financial statements that were submitted for audits have been completed and one hundred and twenty-seven (127) financial statements that were submitted for audit were in progress whilst some were being finalized. This is a positive development in that the entities are moving towards being current hence improving transparency and accountability. At this reporting date, one hundred and nineteen (119) public entities out of one hundred and sixty-six (166) are now up to date in terms of submission of financial statements as compared to the previous year of one hundred and four entities (104) which were up to date. Details are in Annexure E and the graphical trend on accounts submissions status is as shown below:

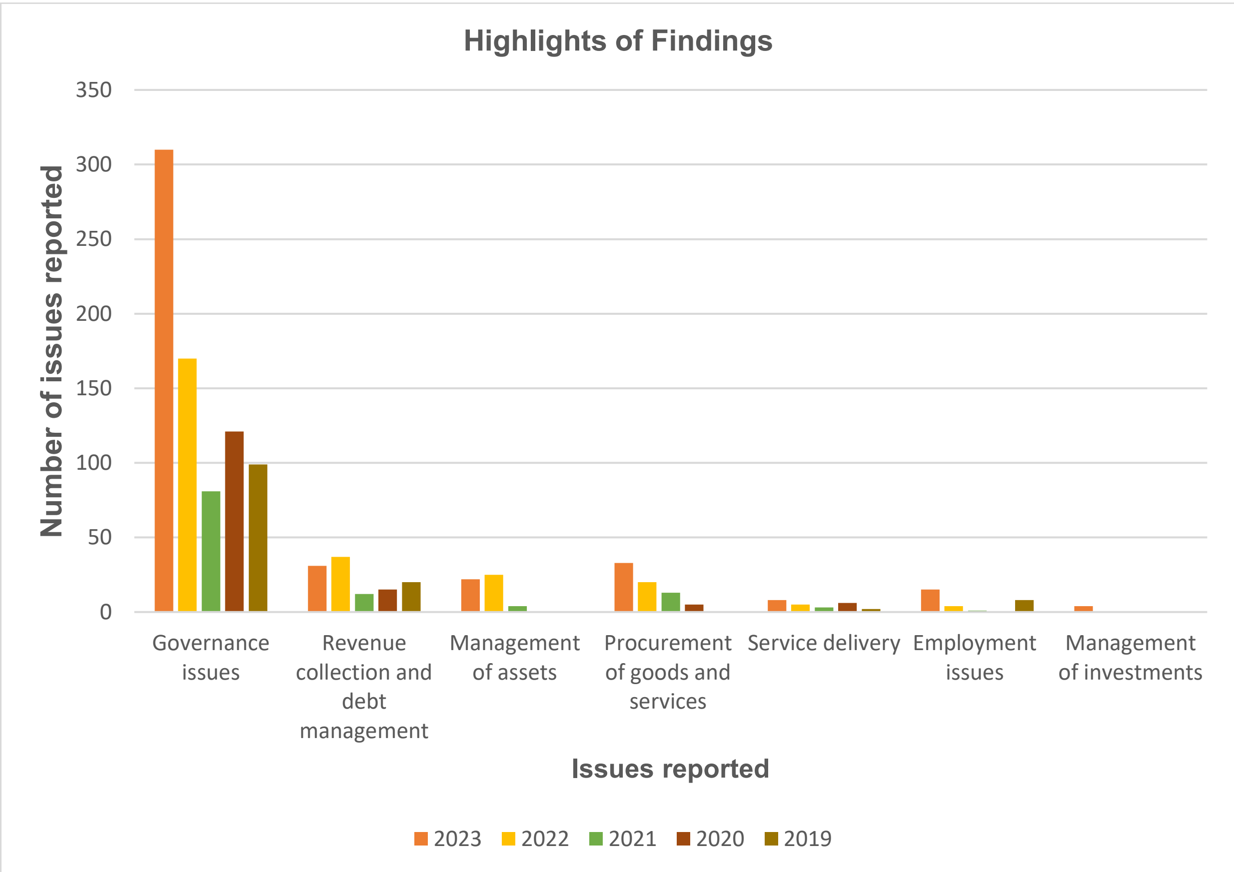


	Financial Year 2023	Financial Year 2022	Financial Year 2021	Financial Year 2020	Financial Year 2019
Number of Entities that were up to date on account submission	119	104	92	111	103
Number of Entities that were not up to date on accounts submission	44	51	53	35	34
Total	**163**	**155**	**145**	**146**	**137**



Highlights of findings

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



Category of findings	2023	2022	2021	2020	2019
Governance issues	310	170	81	121	99
Revenue collection and debt recovery	31	37	12	15	20
Management of assets	22	25	4	-	-
Procurement of goods and services	33	20	13	5	-
Service delivery	8	5	3	6	2
Employment issues	15	4	1	-	8
Management of investments	4	-	-	-	-

Governance issues

There was an increase in reported issues on governance from one hundred and seventy (170) to three hundred and ten (310) issues. In this report there are instances of weak internal controls as evidenced by unsupported expenditure, non-alignment of accounting policies and processes with reporting framework (accounting standards), outdated accounting manuals, non-compliance with tax laws and regulations, non-performance of bank reconciliations, and absence of internal audit arrangements. Late submission of financial statements create gaps for accountability and results in limitation of scope due to lapse of time documents cannot be located.

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 including the requirements for senior management to sign performance contracts. This has resulted in most entities having boards of directors. In this regard, I urge boards to pay attention to matters that I have raised so as to improve transparency and accountability by strengthening their internal audit units / arrangements.

Revenue collection and debt recovery

I have noted issues of revenue leakages, long outstanding debts and deposits not receipted on time which contributed to net liability position with a potential risk of threatening sustainability of service. I have raised thirty-one (31) issues on revenue collection and twenty-six (26) entities had report on going concern matters arising from continued operating losses / deficit, under capitalisation and liquidity challenges. These conditions if not addressed, may cast significant doubt on the entities' ability to continue operating as a going concern.

Management of assets and investments

I have raised twenty-two (22) issues on management of assets from fifteen (15) public entities. Most of these issues relate mainly to asset record keeping, lack of due diligence in placing investments and maintenance of assets remain a challenge and may compromise service delivery.

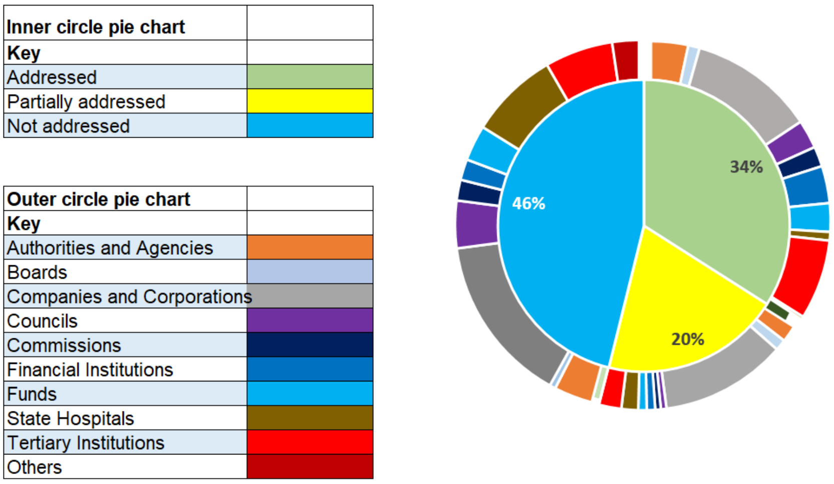
Procurement of goods and services

While I appreciate efforts being made by SOEs in complying with the enacted Public Procurement and Disposal of Public Assets Act [*Chapter 22:23*] and by setting up Procurement Management Units (PMU). I have seen an increase in procurement issues from twenty (20) to thirty-three (33) issues in this report with majority of my findings centered on non-delivery of goods and services, non-declaration of interest during procurement evaluation, procurements which had insufficient supporting documentations for instances no invoices and quotations. There may be need to strengthen the due diligence processes to include evaluation of capacity to deliver goods to be procured.

Progress in addressing prior year audit findings

I followed up three hundred and eighty-eighty (388) audit findings that were in the 2019 - 2022 reports and noted that one hundred and thirty-two (132) were addressed, seventy-seven (77) were partially addressed and one hundred and seventy-nine (179) were not addressed. The progress made is further analysed below;

Status on prior year issues as per 2023 AG's Report



	2023 AG's Report		2022 AG's Report	
Findings	**Number**	**Percentage**	**Number**	**Percentage**
Addressed	132	34%	92	45%
Partially addressed	77	20%	60	29%
Not addressed	179	46%	54	26%
Total	**388**	**100%**	**206**	**100%**

Conclusion

The issues I have raised in this report if not addressed, service delivery, achievement of mandates and efforts made to enhance transparency and accountability through the various instruments that had been put in place such as the Public Entities Corporate Governance Act [*Chapter 10:31*], Public Procurement and Disposal of public assets Act [*Chapter 22:23*] may be compromised. Those charged with governance and management are urged to pay attention to the outstanding audit findings so as to address them and improve transparency, accountability, good corporate governance and service delivery.

PUBLIC ENTITIES UNDER THE CATEGORY OF AUTHORITIES AND AGENCIES

Background Information

The Agricultural Rural Development Authority was established in terms of Agricultural and Rural Development Authority Act [*Chapter 18:01*]. The Authority is responsible for promoting development through implementation of vibrant schemes in the agricultural sector with a view to reduce poverty especially in rural areas.

I have audited the financial statements of Agricultural and Rural Development Authority 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 give a true and fair view of the financial position of the Agricultural Rural Development 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 of 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"

Opening balances

The prior year financial statements were modified due to non-compliance with International Accounting Standard (IAS) 21- "The Effects of Changes in Foreign Exchange Rates". The Authority translated the foreign currency denominated transactions to ZWL$ using the interbank exchange rates which were not considered appropriate spot rates for translation as required by International Accounting Standard (IAS) 21 - "The Effects of Changes in Foreign Exchange Rates". The misstatements have not been corrected in the financial statements for the year ended December 31, 2021 in line with International Accounting Standard (IAS) 8- "Accounting Policies, Changes in Accounting Estimates and Errors". 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"

The Authority applied International Accounting Standard (IAS) 29 - "Financial Reporting in Hyperinflationary economies" on prior period financial information which was not in 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". 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 to be material but not pervasive to the financial statements for the year ended December 31, 2021.

iii. Valuation of Investment property and Property, plant and equipment

The Authority engaged an independent professional valuer to perform valuation of investment property and property, plant and equipment as at December 31, 2021. The investment property and property, plant and equipment valuations were determined in USD and then translated to

ZWL$ using the interbank exchange rate as at December 31, 2021. The translated ZWL$ values were not in compliance with International Financial Reporting Standard (IFRS) 13 – "Fair Value Measurement" as they did not reflect the assumptions that market participants would apply in valuing similar items of Investment property and Property, plant and equipment in ZWL$. I could therefore not ascertain the appropriateness of the fair value for Investment property and Property, plant and equipment disclosed in the financial statements.

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 Agricultural Rural Development 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 Financial Reporting Standard (IFRS) 13 – "Fair value measurement"

The Authority's investment property valuation was determined in United States Dollars (USD) and translated to Zimbabwe Dollars (ZWL$) using the interbank exchange rate. The translated ZWL$ fair values were not in compliance with International Financial Reporting Standard (IFRS) 13 – "Fair value measurement" as they did not reflect the assumptions that market participants would apply in valuing similar items of investment property in Zimbabwe Dollars (ZWL$).

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

The Authority did not review the residual values and useful lives of property, plant, and equipment at year end in accordance with IAS 16 – "Property, plant, and equipment" paragraph 51 which requires an entity to review the useful life and residual value of an asset at each year end. The Authority did not also carry out an impairment assessment for its assets in line with International Accounting Standard (IAS) 36 – "Impairment of assets" paragraph 31 which requires impairment assessment to be carried out at each year end.

In addition, I could not validate the completeness of the Authority's asset register as some items of property, plant and equipment recorded in the Authority's asset register could not be physically verified. I was unable to determine the extent of adjustments necessary.

Below are other material issues noted during the audit;

1. GOVERNANCE ISSUES

1.1. Valuation of property, plant and equipment

Finding

The Authority's accounting procedures were not aligned to the reporting framework. The Authority did not review the residual values and useful lives of property, plant, and equipment at year end in accordance with IAS 16 – "Property, plant, and equipment" paragraph 51 which requires an entity to review the useful life and residual value at each year end. The Authority did not also carry out an impairment assessment for its assets in line with International Accounting Standard (IAS) 36 – "Impairment of assets" paragraph 31 which requires impairment assessment to be carried out at each year end.

In addition, some items of property, plant and equipment recorded in the Authority's asset register could not be physically verified.

Risk / Implication

Misstatement of financial statements.

Recommendation

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

Management response

An asset verification exercise was underway during the audit period. All obsolete and impaired assets were taken into consideration for write-off and or impairment treatment. Going forward annual revaluations of property and plant are scheduled so as to report assets at fair value.

1.2. Valuation of investment property

Finding

The Authority's investment property valuation was determined in United States Dollars (USD) and then translated to Zimbabwe Dollars (ZW$L) using the interbank exchange rate. The translated ZWL$ fair values were not in compliance with International Financial Reporting Standard (IFRS) 13 – "Fair value measurement" as they did not reflect the assumptions that market participants would apply in valuing similar items of property in Zimbabwe Dollars (ZWL$).

Risk / Implication

Misstatement of financial statements.

Recommendation

Management should revalue its investment property in line with International Financial Reporting Framework.

Management response

Appropriate ZWL$ revaluation of investment property schedules have been put in place to ensure that all investment properties are reported at fair value in compliance with International financial reporting framework.

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

The Authority made progress in addressing audit findings raised in my 2022 annual report. I raised one (1) finding and it was addressed as indicated below;

2.1. Supporting documentation

The finding was addressed. The Authority now have a Procurement Management Unit established to address all procurement issues.

Background Information

The Agricultural Marketing Authority was established in terms of the Agricultural Marketing Authority Act [*Chapter 18:24*], with the objective of regulation of the production, marketing and processing of agricultural products in Zimbabwe.

I have audited the financial statements of the Agricultural Marketing Authority for the year ended December 31, 2022 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 Agricultural Marketing Authority 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. Non- compliance with International Accounting Standard (IAS) 40 – "Investment Property" and International Accounting Standard (IAS) 8 – Accounting Polices, Changes in Accounting Estimates and Errors.

Opening balances

The investment property presented in 2021 on the financial statements with a balance of ZWL$ 273. 9 million was not fair valued in line with the requirements of International Accounting Standards (IAS) 40 – "Investment Property" paragraph 33 which requires measurement of investment property at fair value after the initial recognition and the Authority's accounting policy. The investment property was disclosed at its carrying amount, which does not represent the fair value of the property as at the reporting date. The carrying amount at which the investment property was disclosed in the financial statements is also emanating from an over depreciated cost due to depreciation of land value in contravention of International Accounting Standard (IAS) 16 - "Property, plant and equipment". Due to this matter, the opening balance for investment property as at January 1, 2022 contain a misstatement that materially affect the current period's financial statements of the Authority. No adjustments have been done in respect of the current year financial statements of the Authority in line with the requirements of IAS 8 – "Accounting Polices, Changes in Accounting Estimates and Errors".

The misstatements in the 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 financial statements of this departure could not be determined.

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

The Authority combined land and buildings which resulted in land being depreciated for both 2021 and 2022. This was contrary to the requirements of IAS 16 - "Property, plant and equipment" paragraph 58 which requires accounting for land and buildings separately. The property, plant and equipment carrying amount of ZWL$802.6 million (2021: ZWL$758.7 million) consists of land which was not correctly accounted for at year end. This contravention resulted in understatement of land presented on the financial statements for both 2022 and 2021 years. I could not determine the extent of adjustment necessary.

Below are other material issues noted during the audit;

1. GOVERNANCE ISSUES

1.1 Valuation of land and buildings

Finding

The Authority disclosed land and buildings with a combined carrying amount of ZWL$571 million. Land was not separated from building resulting in land being depreciated. This was contrary to the requirements of IAS 16- “Property, plant and equipment” paragraph 58 which requires accounting for land and buildings separately.

Risk / Implication

Misstatement of property, plant and equipment.

Recommendation

The Authority should disclose land and buildings separately in line with the requirements of International Accounting Standard (IAS) 16 – “Property, plant and equipment”.

Management response

The Authority will engage a valuer to separate the land from the buildings.

1.2 Valuation of investment properties

Finding

The Authority disclosed the comparative balance of investment property at ZWL$ 273.9 million. The carrying amount recorded did not represent the fair value of the property as at the reporting date. The Authority had not fair valued the property in line with the requirements of International Accounting Standard (IAS) 40 – “Investment Property” paragraph 33 which requires measurement of investment property at fair value after the initial recognition.

Risk / Implication

Misstatements of financial statements.

Recommendation

The Authority should comply with the requirements of International Accounting Standard (IAS) 40 – “Investment property”.

Management response

The Authority will engage a valuer to separate the land from the buildings.

1.3 Late payment of creditors

Finding

The Authority had a foreign liability amounting to ZWL$ 33.1 million pertaining to membership subscription which had been outstanding since 2020. The Authority has been failing to service the liability due to challenges with the foreign payment system at the banks and the general financial constraints being faced by the Authority.

Risk / Implication

The Authority may be withdrawn from the membership in terms of Article 2 Section 4 (h) of International Cotton Advisory Committee (ICAC) Rules and Regulations and may be deprived from up-to-date developments and matters affecting the world cotton situation.

Recommendation

The Authority should clear the outstanding membership subscriptions on time.

Management response

The Authority experienced challenges with its bankers to remit funds outside the country. Also, the payments have been delayed due to late payments of cotton levies by cotton contractors. The Authority will continue to engage Cotton Contractors for payment of levies.

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

The Authority made progress in addressing audit findings raised in my 2022 annual report. I raised two (2) audit findings and these were all addressed as indicated below;

2.1 Internal Audit

The finding was addressed. The Authority outsourced its internal audit services for 2022 and 2023.

2.2 Accounting for revenue

The finding was addressed. Revenue is now being recognised on accrual basis for all registration fees based on the revenue schedules for all members.

Background Information

The Broadcasting Authority of Zimbabwe was established in terms of the Broadcasting Services Act [*Chapter 12:06*]. Its core function is to manage the licensing of broadcasting services and systems.

I have audited the financial statements of Broadcasting Authority of Zimbabwe for the years ended December 31, 2019 and 2020. I issued an Adverse Opinion for 2019 and a Qualified Opinion for 2020 with a report on going concern.

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 Broadcasting Authority 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 Authority translated its comparative financial statements including transactions and balances for the period up to February 22, 2019 using an exchange rate of 1:1 for United States Dollars (USD) to Real Time Gross Settlement (RTGS) dollar as prescribed to entities through Statutory Instrument (SI) 33 of 2019. In order to comply with Statutory Instrument 33 of 2019, issued on February 22, 2019, the Authority 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 complied with the legal requirements, but did not meet the criteria for appropriate exchange rates in terms of (IAS) 21- "The Effects of Changes in Foreign Exchange Rates". The financial statements of the Authority include balances and transactions denominated in USD that were not translated to RTGS 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". IAS 21 requires entities to use an appropriate exchange rate.

The 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 2:5. Transactions and balances from February 22, 2019 were 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 can be received for foreign currency as many were unable to access foreign currency through the interbank market. As a result, the impact of the Authority'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 Authority 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.

ii. Valuation of property, plant and equipment

The Authority disclosed property, plant and equipment of ZWL$3.1 million as at December 31, 2019. The Authority 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” paragraph 51 which requires that residual values and useful lives of assets be reviewed at least once at each financial year end. As a result, there were assets with nil values that were still being used by the Authority. Had the annual review of residual values and useful lives of the assets been conducted, the carrying amount of property, plant and equipment could have been materially different.

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 Broadcasting Authority 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 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 Exchange Rates”, as the Authority was unable to use an appropriate exchange rate on change of functional currency to translate the opening USD denominated balances. The Authority 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 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 Authority’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 Authority’s inability to comply with IAS 21 - “The Effects of Changes in Foreign Currency Exchange Rates” has been considered significant on the current year financial statements.

ii. Valuation of property, plant and equipment

The Authority disclosed property, plant and equipment of ZWL$14.1 million as at December 31, 2020. The Authority 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” paragraph 51 which requires that residual values and useful lives of assets be reviewed at least once at each financial year end. As a result, there were assets with nil values that were still being used by the Authority. Had the annual review of residual values and useful lives of the assets been conducted, the carrying amount of property, plant and equipment could have been materially affected.

Report on the going concern

I draw your attention to the fact that, the Authority had a net current liability position of ZWL$ 431 237 as at December 31, 2020. In addition, the Authority incurred a deficit amounting to ZWL$ 4.5 million during the year ended December 31, 2020. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Authority's ability to continue operating as a going concern. However, my opinion is not modified in respect of this matter.

Below are other material issues noted during the audit;

1. GOVERNANCE ISSUES

1.1. Valuation of property, plant and equipment

Finding

The Authority disclosed property, plant and equipment of ZWL$3.1 million as at December 31, 2019 and ZWL$14.1 million as at December 31, 2020. The Authority 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" paragraph 51 which requires that residual values and useful lives of assets be reviewed at least once at each financial year end. As a result, there were assets with nil values that were still being used by the Authority.

Risk / Implication

Misstatement of financial statements.

Recommendation

Management should update their year-end procedures to include annual assessment of useful lives and residual values in line with IAS 16- "Property, plant and equipment".

Management response

The audit observation is noted. The Authority conducted a revaluation of its property, plant and equipment in 2021 and 2023 to address the issue of assets values. The Authority will conduct the revaluation to comply with the provisions of International Accounting Standard (IAS) 16- "Property, plant and equipment".

1.2. Board meetings attendance

Finding

Review of Board and Committee meetings attendance register revealed that two (2) Board members were not attending meetings. Out of the four (4) scheduled meetings, one of the board members did not attend any meetings while the other attended only one (1) meeting. This was contrary to the requirements of the Public Entities Corporate Governance Act [*Chapter 10:31*] paragraph 143 of the First Schedule which requires that board members to attend at least seventy-five percent of all board meetings.

Risk / Implication

Board oversight role may be compromised.

Recommendation

Board members should be encouraged to attend meetings as scheduled.

Management response

This is noted. Management will endeavour to urge members to attend all Board meetings scheduled.

2. REVENUE COLLECTION AND DEBT RECOVERY

2.1. Receivables

Finding

The Authority had long overdue trade receivables and 97% of its debtors were above 120 days. Enquiries with management indicated that the debtors were struggling to settle their obligations.

Risk / Implication

Compromised service delivery as financial resources are tied up in receivables.

Recoverability of the debtors maybe doubtful.

Recommendation

Management should follow-up and recover the outstanding debts.

Management response

We have commenced the engagement of our major debtors who form the bulk of the 96.63% of debtors with a view of agreeing on feasible payment plans.

Background Information

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

I have audited the financial statements of the Civil Aviation Authority of Zimbabwe for the year ended December 31, 2020 and I issued a Qualified Opinion with a report on going concern.

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 Civil Aviation Authority 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 Authority had been unable to use an appropriate exchange rate on change of functional currency. 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 Authority 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 United States Dollars (USD) before February 22, 2019 be deemed to be ZWL$ dollars at a rate of 1:1. The Authority'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 Authority's 2019 opening balances' misstatements had an impact on the current year financial statements.

Report on going concern

I draw your attention to the fact that the Authority did not service overdue long-term legacy loans amounting to ZWL$ 18.59 billion and domestic loans amounting to ZWL$ 111 million during the year ended December 31, 2020. In addition, the Authority's current liabilities exceeded its current assets by ZWL $18.29 billion as at December 31, 2020. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Authority's ability to continue as a going concern. My opinion is not modified in respect of this matter.

Below are other material issues noted during the audit;

1. GOVERNANCE ISSUES

1.1. Bank reconciliations

Finding

The Authority's controls over management of cash and bank were not adequate. As a result, there were a number of reconciling items at year end some dating back to 2016 that had not been cleared.

Risk / Implication

Fraud and errors may go undetected.

Recommendation

Outstanding reconciling items should be investigated and corrected.

Management response

The bank reconciliation statements were submitted as evidence of progress made in clearing outstanding items.

Auditors evaluation

Although management prepared and submitted bank reconciliations for audit, the submitted reconciliations had reconciling items that had not been cleared.

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

The Authority made progress in addressing audit findings that I raised in my 2020 annual report. I raised two (2) findings which were addressed as indicated below;

2.1. Board and key management

The finding was addressed. The Board was appointed in 2020.The Director General and Finance Director were appointed in 2021.

2.2. Concessionaires management

The finding was addressed. The car parking systems are now connected to CAAZ for revenue completeness verification. The concessionaires were however handed over to Airports Company of Zimbabwe after split.

Background Information

The Environmental Management Agency was established in terms of the Environmental Management Act [*Chapter 20:27*]. Its core function is to manage and protect the environment.

I have audited the financial statements of the Environmental Management Agency 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 the Environmental Management Agency 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

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 the requirements of IAS 21 "The Effects of Changes in Foreign Exchange Rates", as the Agency was unable to use an appropriate exchange rate on change of functional currency to translate the opening United States of America Dollars (USD) denominated balances and transactions from January 1, to February 22, 2019. The balances and transactions were translated 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 October 1, 2018 as the date of change in functional currency and translated its foreign denominated balances to ZWL at a rate of 1:1 which was prescribed by Statutory Instrument 33 of 2019 which required that all assets and liabilities that were denominated in USD before February 22, 2019 be deemed to be Real Time Gross Settlement (RTGS) dollars at a rate of 1:1 and all transactions subsequent to February 22, 2019 be translated at the prevailing interbank rate. The Agency's inability to assess the appropriateness of using the prescribed rates 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 have an impact on the current year financial statements.

Below are other material issues noted during the audit;

1. GOVERNANCE ISSUES

1.1. Accounting policies and procedures manual

Finding

The Agency's accounting policies and procedures manual was not up to date as some provisions were no longer applicable whilst some new business processes and changes communicated through circulars from Government were not included. The manual did not have guidance on the preparation of trade payables reconciliations, updates on new ways of doing business such as the use of mobile wallets in receiving the Agency's income and how customers' drawdown facilities were operated and how they should be managed.

Risk / Implication

Inconsistencies on treatment of transactions.

Recommendation

Management should regularly update its accounting policies and procedures manual in light of changes in the accounting and operating environment.

Management response

The Audit observation is noted. The Accounting Policy and Procedures Manual is currently being reviewed and is expected to be completed by December 31, 2023. The Agency has been accommodating all changes in the operating environment through circulars. In addition, it has been issuing circulars in line with changes in Government policy. Furthermore, the Agency is going to ensure incorporation of all changes made through circulars and changes from new Enterprise Resource Planning (ERP) projects on a regular basis (annually) in the Accounting Policy and Procedures Manual.

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

The Agency made progress in addressing audit findings I raised in my 2020 annual report. I raised five (5) audit findings, two (2) were addressed, two (2) were partially addressed and one (1) was not addressed as indicated below;

2.1. Board composition

The finding was addressed. The board composition now includes an ICT and Finance experts.

2.2. SAP accounting system

The finding was partially addressed. Management has engaged a consultant for implementation of the new ERP system.

2.3. Bank reconciliations

The finding was not addressed. The Agency is still preparing bank reconciliations manually as the SAP challenges were not addressed. However, reconciliations are expected to be done timeously once the new ERP is functional.

2.4. Withholding tax

The finding was addressed. The Agency is now submitting tax returns.

2.5. Procurement management unit

The finding was partially addressed. Currently Management has appointed a Procurement Officer and Procurement Assistant, however the Procurement manager is yet to be appointed.

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.

I have audited the financial statements of Health Professions Authority of Zimbabwe 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 Health Professions Authority 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).

Basis for Qualified Opinion

Non-compliance with International Accounting Standard (IAS) 16 - "Property, Plant and Equipment and International Financial Reporting Standard (IFRS) 13- "Fair Value Measurement"

The Authority did not comply with the requirements of the International Accounting Standard (IAS) 16 - "Property, plant and equipment" as there was no evidence that the Authority performed a revaluation exercise to present assets at their fair values as at December 31, 2022. The Authority last performed a revaluation exercise in 2019. International Accounting Standards (IAS) 16- "Property, plant and equipment" paragraph 31 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 2019 to the 2022 reporting date, it is likely that the carrying value of property, plant and equipment amounting to ZWL$39.6 million as at year end was materially 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". In addition, review of useful lives and residual values was not performed as required by International Accounting Standard (IAS) 16, "Property, plant and equipment" paragraph 51. I therefore could not satisfy myself on the appropriateness of the value of property, plant and equipment as disclosed in the financial statements.

Below are other material issues noted during the audit:

1. GOVERNANCE ISSUES

1.1. Valuation of assets

Finding

The Authority's accounting processes were not aligned to the requirements of the Accounting Framework. As a result, the useful life and residual values of some assets that were fully depreciated but still in use were not reviewed as required by International Accounting Standard (IAS) 16 – "Property, plant and equipment" paragraph 51. In addition, no revaluation of assets was carried out to address this anomaly. This was contrary to the requirements of IAS 16 paragraph 31 which requires revaluations to be carried out regularly, so that the carrying amount of an asset does not differ materially from its fair value at the balance sheet date.

Risk / Implication

Material misstatement of the financial statements.

Recommendation

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

Management response

Noted, in the year 2023, revaluation of all assets is to be done.

1.2. Board charter

Finding

The Authority was operating without an approved Board Charter contrary to Section 28 (1) of Public Entities Corporate Governance Act [*Chapter 10: 31*] which requires the Minister to approve the charter.

Risk / Implication

Lack of proper guidance to the board on the execution of their duties.

Recommendation

The Board Charter should be approved by the line Ministry.

Management response

The Board Charter is now in place. It has been approved by the Board and was sent to the Ministry for approval. In the year 2022, the Authority engaged the Ministry of Health and Child Care and Corporate Governance Unit (CGU) for guidance in compliance with the Public Entities Corporate Governance Act [*Chapter 10:31*].

1.3. Meeting attendance

Finding

The Board conducted five meetings (as per board calendar) during the year ended December 31, 2022. However, there was a member of the Board with legal expertise who attended only one meeting through a proxy out of the five meetings conducted during the year. This was contrary to the provisions of section 9 (2) (d) of Health Professions Act [*Chapter 27:19*] which prescribes that a member should attend at least three (3) meetings, failure may deem cessation of a member's membership with the Authority.

Risk / Implication

Resolutions with legal implications may be compromised.

Recommendation

The Authority should ensure that all members attend meetings to enhance oversight in their areas of expertise.

Management response

Recommendation is well noted and will be actioned accordingly to ensure compliance with the Health Professions Act [*Chapter 27:19*]. The matter will be brought to the attention of the Board in its meeting of September 28, 2023.

1.4. Board Committees

Finding

The Authority did not have a standalone Human or Remuneration Committee, and the Audit and Risk Committee during the 2022 financial year. This was in contravention of the Public Entities Corporate Governance Act [*Chapter 10:31*] section 38 of Part V1 of the Second Schedule which requires every public entity to have a Finance Committee, Audit Committee, Risk Committee and Human Resources or Remuneration Committee as standalone committees.

Risk / Implication

Oversight role might be compromised.

Recommendation

The Authority should align its committees in line with requirements of the Public Entities Corporate Governance Act [*Chapter 10:31*] section 38 of Part V1 of the Second Schedule.

Management response

The Authority now has the Risk Management Committee and Audit Committee as two separate Committees. The Human Resources Committee is also now in place. Risk Management Committee and Audit Committee started to sit separately in 2023.

2. PROCUREMENT OF GOODS AND SERVICES

2.1. Service level agreement

Finding

The Authority had no service level agreement with a tax advisory services company whom it engaged since 2017 for the provision of tax services. The Authority was being charged USD485 per month payable exclusively in United States Dollars (USD) or equivalent Zimbabwean Dollar (ZWL$) at prevailing interbank rate. This was contrary to the provisions of section 81 (1) of the Public Finance Management Regulations [Treasury Instructions] of 2019 and the Authority's Accounting Manual on procurement of services which requires the procurement contracts to be in writing and signed.

Risk / Implication

Financial loss in the case of disputes.

Recommendation

The Authority should regularize the arrangement.

Management response

Recommendation is well noted and has been actioned accordingly to ensure compliance with the Public Procurement and Disposal of Public Assets Act. The procurement process was initiated and is now at the contract signing stage.

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

The Authority made no progress in addressing the audit findings raised in my 2022 annual report. I raised an audit finding which was not addressed as indicated below;

3.1. Motor vehicles

The finding was not addressed. The two vehicles were still registered in the name of the Ministry of Health and Childcare.

Background Information

The Medicines Control Authority of Zimbabwe was established in terms of the Medicines and Allied Substances Control Act [*Chapter 15:03*]. The main purpose of the Authority is to ensure the availability of safe and effective medicines on the market for human and animal consumption.

I have audited the financial statements for Medicines Control Authority of Zimbabwe for the year ended December 31, 2022 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, the consolidated financial position of Medicines Control Authority of Zimbabwe as at December 31, 2022, 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 Medicines Control Authority 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 material issues noted during the audit;

1. GOVERNANCE ISSUES

1.1. Travel and subsistence allowances

Finding

The Authority's internal control system was adequate. As a result, employees were not acquitting the travel and subsistence allowances after returning from official business trips. The Authority had outstanding travel and subsistence advances amounting to USD44 429 and ZWL$514 524 as at December 31, 2022. This was contrary to the provisions of the MCAZ Standard Operating Procedures which requires Officers to clear advances within two (2) days after return from outstations.

Risk / Implication

Financial loss due to payment for services not rendered.

Recommendation

The Authority should comply with its standard operating procedures.

Management response

Management is working on obtaining approvals to amending the Standard Operating Procedure so that all outstanding acquittals will be recovered through the payroll such that the Authority will not suffer financial loss. The outstanding acquittals have been cleared after year end.

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 a 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 the National Social Security Authority for the years ended December 31, 2021 and 2022. I issued a Qualified Opinion on both the Group and the Authority for the year 2021, an Adverse Opinion on the Group and a Qualified Opinion on the Authority for the year 2022.

Qualified Opinion on the Consolidated Financial Statements 2021

In my opinion, except for the effects of the matters 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, 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

i. Non-compliance with International Financial Reporting Standard (IFRS) 13 – "Fair value measurement"

The Group determined the value of its investment property and property, plant and equipment through a revaluation exercise. The revaluations were performed in USD and then translated to ZWL$ using the auction rate as at December 31, 2021. The translated ZWL$ values for the investment property and property, plant and equipment did not meet the requirements of International Financial Reporting Standard (IFRS) 13 – "Fair value measurement" as they did not reflect the assumptions that market participants would apply in valuing similar items in ZWL$. I could not determine the extent of the adjustment necessary.

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

In the prior financial year, the Group, had foreign currency denominated transactions and balances that 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 (IAS) 21 – "The Effects of Changes in Foreign Exchange Rates". The opinion on the prior year of the Group's consolidated financial statements was modified in respect of this matter and the misstatements have not been corrected in the consolidated financial statements for the year ended 31 December 2021. Had the consolidated financial statements been prepared in accordance with the requirements of International Accounting Standard (IAS) 21 – "The Effects of Changes in Foreign Exchange Rates", many elements would have been materially different. The effects of the non-compliance with the requirements of International Accounting Standard (IAS) 21 – "The Effects of Changes in Foreign Exchange Rates" have been considered to be material but not pervasive to the consolidated financial statements as a whole.

iii. Non-compliance with International Financial Reporting Standard (IFRS) 15 - "Revenue from contracts with customers"

The Group's subsidiary National Building Society recognised revenue from stand sales amounting to ZWL$58 million. Stands were sold in USD and for reporting purposes, translated to ZWL$ at the auction exchange rate on the date of the transaction. This may not necessarily reflect a fair value in terms of International Financial Reporting Standard (IFRS) 15 - "Revenue from contracts with customers". In terms of IFRS 15 - "Revenue from contracts with customers", 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 auction exchange rate applied in recognising revenue may not meet the requirements of IFRS 15 - "Revenue from contracts with customers", as the auction exchange rate did 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 represent the amount that would be obtained if the stands were to be sold in ZWL$.

iv. Non-compliance with International Accounting Standard (IAS) 36, "Impairment of Assets" and International Accounting Standard (IAS) 16 - "Property, plant and equipment"

The Group did not review the useful lives of its assets as required by IAS 16 - "Property, plant and equipment" paragraph 51, which requires that residual value and the useful life of an asset must be reviewed at least at each financial year-end. In addition, the Group did not provide evidence of impairment assessment on its assets as required by IAS 36 - "Impairment of Assets" paragraph 9, which requires that an entity should assess at each reporting period, whether there are indicators of impairment regardless of indicators of impairment noted on some of the assets. Had the Group reviewed the useful life of its items of property, plant and equipment and carried out an assessment of impairment, the carrying amount of property, plant and equipment would have been materially different. As a result, I could not satisfy myself on the valuation of property, plant and equipment amounting to ZWL$ 11 billion as disclosed in the consolidated statement of financial position as at December 31, 2021.

Qualified Opinion on the Authority Financial Statements 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 the National Social Security 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 Financial Reporting Standard (IFRS) 13 – "Fair value measurement"

The Authority determined the value of its investment property and property, plant and equipment through a revaluation exercise. The revaluations were performed in USD and then translated to ZWL$ using the auction rate as at December 31, 2021. The translated ZWL$ values for the investment property and property, plant and equipment did not meet the requirements of International Financial Reporting Standard IFRS 13 – "Fair value measurement" as they did not reflect the assumptions that market participants would apply in valuing similar items in ZWL$. I could not determine the extent of the adjustment necessary.

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

In the prior financial year, the Authority, had foreign currency denominated transactions and balances that 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 (IAS) 21 – "The Effects of Changes in Foreign Exchange Rates". The opinion on the prior year of the Authority's 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 International Accounting Standard (IAS) 21 – "The Effects of Changes in Foreign Exchange Rates", many elements would have been materially different. The effects of the non-compliance with the requirements of International Accounting Standard (IAS) 21 – "The Effects of Changes in Foreign Exchange Rates" have been considered to be material but not pervasive to the financial statements as a whole.

iii. Non-compliance with International Accounting Standard (IAS) 36, "Impairment of Assets" and International Accounting Standard (IAS) 16 - "Property, plant and equipment"

The Authority did not review the useful lives of its assets as required by IAS 16, "Property, plant and equipment" paragraph 51, which requires that residual value and the useful life of an asset must be reviewed at least at each financial year-end. In addition, the Authority did not provide evidence of impairment assessment on its assets as required by IAS 36, "Impairment of Assets" paragraph 9, which requires that an entity should assess at each reporting period, whether there are indicators of impairment regardless of indicators of impairment noted on some of the assets. Had the Authority reviewed the useful life of its items of property, plant and equipment and carried out an assessment of impairment, the carrying amount of property, plant and equipment would have been materially different. As a result, I could not satisfy myself on the valuation of property, plant and equipment amounting to ZWL$ 2.3 billion as disclosed in the statement of financial position as at December 31, 2021.

Adverse Opinion on the Consolidated Financial Statements 2022

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 National Social Security Authority as at December 31, 2022 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis of Adverse Opinion

i. Non-compliance with International Financial Reporting Standard (IFRS) 10 – "Consolidated financial statements" and International Financial Reporting Standard (IFRS) 3 – "Business combinations"

The Group did not consolidate some of its subsidiaries where it exerted control in line with International Financial Reporting Standard (IFRS) 10 – "Consolidated financial statements" and International Financial Reporting Standard (IFRS) 3 – "Business combinations". These included Liberation (Private) Limited and Middle White Pride (Private) Limited as at December 31, 2022. Had the Group consolidated these subsidiaries, the consolidated financial statements would have been materially different.

ii. Non-compliance with International Accounting Standard (IAS) 28 – "Investments in Associates and Joint Ventures" and International Financial Reporting Standard (IFRS) 10 - "Consolidated Financial Statements"

The Group was not applying uniform reporting periods on all of its subsidiaries and associates contrary to the International Accounting Standard (IAS) 28 – "Investments in Associates and Joint Ventures" paragraph 33 and International Financial Reporting Standard (IFRS) 10 - "Consolidated Financial Statements" paragraph B92 which requires subsidiaries, associates or joint venture to prepare financial statements as of the same date as the financial statements of the parent (holding company). The difference between the reporting year end of the subsidiaries, associates or joint ventures and that of the Authority were more than three months and this had not been adjusted for to align them to the Authority's reporting year end. This was contrary to the requirements of IFRS 10 - "Consolidated Financial Statements" paragraph B93. Had these financial statements been prepared on the same date the Group financial statements would have been materially different.

iii. Inability to obtain sufficient appropriate audit evidence regarding settlement suspense account included in other liabilities

The Authority's subsidiary National Building Society, had a balance amounting to ZWL$30 million in relation to a settlement suspense account. I was unable to obtain sufficient appropriate audit evidence to substantiate the suspense account balance included in other liabilities. As a result, I was unable to determine whether any adjustments were required to the financial statements arising from other liabilities not brought to account or incorrectly stated.

iv. Reconciliation of funds managed by external asset managers

The Group engaged Asset managers during the year under review, with a special mandate to administer and manage the Authority's investment portfolio amounting to ZWL$7.6 billion. The investment portfolio included securities, investments, properties and other assets belonging to or forming part of the investment portfolio. The contracts between these Asset managers and the Authority did not provide for deliverables or performance obligations. Hence, no reconciliations on the utilization of funds by the Asset Managers were done or monitoring and supervision. As a result, the Authority could not account for the funds and the proceeds of the investment. The invested funds were not recognised in the financial statements as at December 31, 2022.

v. Loans

The Group disclosed an amount of ZWL$13.1 billion as loans and advances. In this amount ZWL$12 billion was not supported by any loan agreements or loan arrangements. As a result, I could not satisfy myself on the recognition, measurement and disclosure of these loans in the financial statements.

Qualified Opinion on the Authority Financial Statements 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 respect, the financial position of the National Social Security 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) 36 - "Impairment of assets"

The Authority did not carry out an impairment assessment for its intangible assets with an indefinite useful life. This was contrary to IAS 36 - "Impairment of Assets" paragraph 10, which requires the Authority to test intangible assets with indefinite useful life for impairment by comparing recoverable amount with carrying amount annually. Had the Authority tested the intangible assets with indefinite useful life for impairment, the carrying amount of intangible assets would have been materially different. As a result, I could not satisfy myself on the valuation of intangible assets amounting to ZWL$221.9 million as disclosed in the statement of financial position as at December 31, 2022.

ii. Reconciliation of funds managed by external asset managers

The Authority engaged Asset managers during the year under review, with a special mandate to administer and manage the Authority's investment portfolio amounting to ZWL$7.6 billion. The investment portfolio included securities, investments, properties and other assets belonging to or forming part of the investment portfolio. The contracts between these Asset managers and the Authority did not provide for deliverables or performance obligations. Hence, no reconciliations on the utilization of funds by the Asset Managers were done or monitoring and supervision. As a result, the Authority could not account for the funds and the proceeds of the investment. The invested funds were not recognised in the financial statements as at December 31, 2022.

iii. Loans

The Authority disclosed an amount of ZWL$13.1 billion as loans and advances. This amount included ZWL$12 billion which was not supported by any loan agreements or loan arrangements. As a result, I could not satisfy myself on the recognition, measurement and disclosure of these loans in the financial statements.

Below are other material issues noted during the audit;

1. GOVERNANCE ISSUES

1.1. Declaration of assets by board members and senior staff

Finding

The Authority's Board members did not declare assets within three (3) months of appointment. This was contrary to the Public Entities Corporate Governance Act [*Chapter 10:31*] Section 37 which requires declaration of assets to be done by the Board and senior members of staff.

Risk / Implication

Oversight role, transparency and accountability may be compromised.

Recommendation

Senior members of staff and the Board should declare their assets in line with Section 37 of the Public Entities Corporate Governance Act [*Chapter 10:31*].

Management response

All Board members have been requested to complete the forms every year going forward.

1.2. Withholding tax on board fees

Finding

The Authority deducted withholding tax on board fees. However, it did not remit the tax to the tax authority contrary to the Income Tax Act [*Chapter 23:06*] which requires withholding taxes to be remitted once deducted.

Risk / Implication

Financial loss due to interests and penalties that may be levied.

Recommendation

The Authority should prepare the returns and remit the withholding tax on time as required by Income Tax Act [*Chapter 23:06*].

Management response

All withholding tax returns and payments on board fees have since been submitted. The Authority has also centralized tax returns management and payment effective Quarter 3 of 2023.

2. MANAGEMENT OF INVESTMENTS

2.1. Accounting for interests in other entities

Finding

The Authority did not account for all its investments (interests) in other entities contrary to the requirements of International Financial Reporting Standard (IFRS) 10 – "Consolidated financial statements" and International Financial Reporting Standard (IFRS) 3 – "Business combinations".

Risk / Implication

Misstatement of financial statements.

Recommendation

The Authority should account for all investments.

Management response

There were two companies who did not manage to prepare financial statements for the year ended December 31, 2022 because they did not have administrative operational structures. However, steps to regularise this position has been taken with a view to consolidate these entities from the financial year 2023.

2.2. Procedures for loans and advances

Finding

The Authority's procedures on awarding loans were weak as there were no terms and conditions to the loans. As a result, shareholders' loans and other advances amounting to ZWL$12 billion were initiated and paid off without contracts. For example, Woodlands Farm (Private) Limited, and Middle White Pride loans which were issued without contracts and terms of repayment.

Risk / Implication

Misstatement of financial statements.

No legal recourse in case of default.

Recommendation

Procedures should be reviewed and monitored for compliance.

Contracts / agreements should be signed before disbursements are made.

Management response

Management has since perfected Instak and Woodlands agreements. Going forward we shall ensure perfection of Agreements before disbursements of funding. For those that have agreements that are not satisfactory, some consideration to review them were done to ensure they satisfy the appropriate terms and conditions accordingly.

2.3. Reconciliation of funds managed by external asset managers

Finding

The Authority was not recording all properties acquired through asset management arrangements. For instance, four (4) properties bought through its asset managers were not recorded in the Authority's books as at December 31, 2021. During the year ended December 31, 2022, a disbursement amounting to ZWL$ 7.6 billion was advanced to asset managers. However, the contracts between these asset managers and the Authority did not provide for deliverables or performance obligations. As a result, reconciliations on the utilization of funds by the asset managers were not done. The Authority did not account for the funds and the proceeds of the investment in the financial statements as at December 31, 2022.

Risk / Implication

Misappropriation of the Authority's funds that may compromise performance of the Schemes.

The performance of asset managers may be difficult to evaluate for informed decision making.

Misstatement of financial statements.

Recommendation

The Authority should review the arrangements with asset managers and ensure terms and obligations are clear. These should be subject to regular evaluations.

Management response

Audit observation noted. Management will review the operating arrangement with asset managers once the regularization process of their appointment has been concluded. In the meantime, Management has stopped giving the asset managers new projects. Management shall ensure that procedures manual is updated by end of Q2, 2024 to include guidance on utilization of funds placed with asset managers. The manual will also include procedures on reconciliations of funds disbursed and reporting on the assets that would have been acquired by the asset managers so that financial records can be complete. To be included in the procedures manual is the timeliness and frequency of reporting so that asset additions can be reported timeously.

2.4. Conflict of interests

The Authority did not have standard operating procedures for managing investments arrangements conflict of interests. As a result, fund managers were transacting with related parties without the necessary disclosures to the Authority. For instance, I noted that some fund managers were transacting with entities they were related to but did not disclose to the Authority for transparency.

Risk / Implication

Financial loss due to lack of arm's length transactions.

Recommendation

The Authority should review the Standard operating procedures to cover related party disclosures.

Management response

Management is in the process of reviewing the standard operating procedures with respect to the Authority's relationship with Asset Managers. The Standard Operating Procedures will be submitted for Board approval by August 2024.

3. MANAGEMENT OF ASSETS

3.1. Chegutu land

Finding

The Authority had not yet recovered 526 hectares of land purchased in Chegutu in 2003. Although management pursued this case with the seller, the seller offered a replacement land worth USD1 million to the Authority in lieu for the Chegutu land. This has not yet been received.

Risk / Implication

Financial loss that may result in compromising of service delivery due to limited funds.

Recommendation

The Authority should conduct full due diligence when acquiring land from private companies.

Management response

The land provider offered a replacement land worth USD 1 million to NSSA in lieu of the Chegutu land but the decision to accept the offer is still outstanding. The Authority has now put in place procedures for carrying due diligence on land acquisition including insisting on title.

3.2. Board of inquiries for motor vehicles

Finding

The Authority did not conduct board of inquiries for forty-seven (47) motor vehicles involved in road traffic accidents during the year. This was contrary to the Authority's Transport policy and section 12(1) of the Public Finance Management Act [*Chapter 22:19*] which requires investigations to be conducted for damages to state property.

Risk / Implication

Financial loss due to losses which may not be recovered on accident damaged vehicles.

Recommendation

The Authority should expedite the process of reviewing its processes.

Management response

The Authority is reviewing the Board of Inquiry Terms of reference to align with the Code of conduct. The Authority awaits approval of the revised policy by the Board. Approval is expected when the Board sits to discuss all Authority policies in 2024.

4. PROCUREMENT OF GOODS AND SERVICES

4.1. Consultancy services

Finding

The Authority did not apply the provisions of the Public Procurement and Disposal of Public Assets Act [*Chapter 22:23*] when they engaged investment fund during the period 2021 and 2022. For the purposes of short-listing firms, the Authority did not assess the estimated procurement values which exceeded financial thresholds as indicated in Section 10 (3) of the Public Procurement and Disposal of Public Assets (General) (Amendment) Regulations, 2020. As a result, no expression of interest was sought through published notices. On evaluation of the shortlisted firms, there was no evidence of declaration of interests by members of the evaluation Committee. This was contrary to Section 58 of the Public Procurement and Disposal of Public Assets Act [*Chapter 22:23*].

In addition, I was not availed with some of the procurement records for selected tenders. These documents included bidding documents, tender evaluations and procurements contracts. In addition, for the submitted procurements, I was also not availed with procurement minutes, contracts for each procurement, delivery status and evaluation committee minutes.

Risk / Implication

Misappropriation of public funds which may compromise service delivery.

Financial losses due to uncompetitive outsourcing of services.

Recommendation

The Authority should adhere to procurement regulations as enunciated in the relevant Acts.

Management response

Management deemed the procurement of asset managers as part of services exempted by section 3 of the Public Procurement and Disposal of Public Assets Act [*Chapter 22:23*] as indicated in the write up shared with the Auditor. However legal opinion has since advised Management that the procurement of asset managers is not exempt as initially thought. Management will therefore abide by the recommendations from the legal opinion to follow the Public Procurement and Disposal of Public Assets Act [*Chapter 22:23*] when appointing service providers in future.

4.2. Price variations

Finding

The Authority paid for assets at prices that were in excess of 20% variation between the contract price and amount paid contrary to section 80 (2) and (6) of the Public Procurement and Disposal of Public Assets Act [*Chapter 22:23*] which requires price variations of not more than 20%. There was no evidence to support that this was approved by the Procurement Regulatory Authority of Zimbabwe (PRAZ).

Risk / Implication

Irregular payments that may affect availability of funds for pension obligations.

Recommendation

The Authority should strengthen its procurement procedures.

Management response

Management has taken note of the concerns raised. Management will put in place measures to minimize such variances in future. However, as explained earlier, our purchase orders and contracts stipulate that goods and services are quoted in USD but payable in ZWL. Some of the products are not readily available on the open market and it may take 4 – 8 weeks to deliver them or certain projects may take 3-4 months to be completed. Due to the exchange rate volatility, there are certain times when the exchange rate moves by more than 50 - 100% within a month leading to the variances being experienced.

4.3. Procurement plan

Finding

The Authority did not prepare an Annual Procurement Plan for 2022. This is contrary to Section 22 (1) of the Public Procurement and Public Assets Disposal Act [*Chapter 22:23*] which requires procurement plan to be prepared by January 31 of each year.

In addition, the contract between the Authority and the Investment Managers was signed on the March 11, 2022 even though the Authority had disbursed advances amounting to USD1. 07 million and the property manager had acquired 2 properties in November 2021. This was contrary to Public Procurement and Public Assets Disposal Act [*Chapter 22:23*] section 55 which requires all procurement contracts to be deduced in writing.

Risk / Implication

Irregular purchases may go undetected.

Recommendation

The Authority should comply with the provisions of the Public Procurement and Public Assets Disposal Act [*Chapter 22:23*].

Management response

Management will ensure that the Procurement Plan shall be prepared and submitted to PRAZ as per the requirements of the PPDPA Act going forward, the submission date is by January 31, of each year. For the period under review, the Procurement Management Unit was manned by one staff member after the other two members of staff were re-deployed to other functional areas by HR. Due to those re-deployments, the PMU was operating with only one Procurement Specialist who failed to cope given the nature and size of PMU responsibilities.

During the period under review, efforts were made to recruit the Head of Procurement to assist the then sole individual who was running the department alone. However, the individual who was recruited for the Head of Procurement position did not last three months. The gap in the PMU staff compliment continued to exist during the period under review. It was practically impossible for one person to cope with the PMU workload.

5. EMPLOYMENT ISSUES

5.1. Discharged members

Finding

The Authority was owed by four (4) ex-employees amount totalling ZWL$330 978 dating back to April 2021 and no arrangements were made to recover this amount. This was contrary to Section 8 of the Human Resource Policy which requires outstanding amount to be repaid immediately or make arrangements on termination. In addition, these amounts were not deducted from terminal benefits paid to the employees contrary to Section 5.7 (c) of the Authority Human Resources policies which requires amounts owed by former employees to be recovered.

Risk / Implication

Financial loss due to outstanding amounts that may not be recovered.

Recommendation

The Authority should comply with its policies and recover the outstanding amounts from the discharged members.

Management response

Management will recover the outstanding amounts owed by Quarter 1 of 2024.

5.2. Remuneration framework

Finding

The Authority's remuneration structure was not in line with the approved Cabinet approved framework that govern the remuneration of Chief Executive Officers and Senior Managers of public entities. As a result, the Authority incurred approximately USD 58 019 and ZWL$ 19.8 million through payments of unauthorized benefits. In addition, NSSA executives were paid some allowances in USD which were not approved by the board amounting to USD 265 821.

Risk / Implication

Financial loss due to payments of unauthorised benefits.

Recommendation

The Authority should align its process to the requirements of Cabinet approved remuneration framework.

Management response

The Authority has since aligned its remuneration to the new remuneration framework. The benefits paid to executives are contractual and were paid prior to the communication of the new remuneration framework. However, the Authority has referred the matter to its Parent Ministry to seek a waiver for the contractual benefits which are outside the CGU new remuneration framework. A response from the Parent Ministry on this matter is still awaited.

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

The Authority made some progress in addressing the audit findings raised in my 2020 and 2022 annual reports. I raised ten (10) audit findings in my 2022 annual report and followed up on two (2) findings raised in my 2020 annual report. Three (3) findings were addressed while two (2) were partially addressed and seven (7) findings were not addressed as indicated below;

6.1. Client service charter

The finding was addressed. The Client Service Charter is now on display in three (3) languages (Ndebele, Shona and English).

6.2. Board fees payment

The finding was not addressed. The Authority could not recover the amounts paid in advance citing industry practice. However, management is now paying retainer fees in arrears.

6.3. Human resources policy

The finding was addressed. This holiday allowance benefit has now been terminated awaiting approval of the Authority’s remuneration framework.

6.4. Policy on remote work

The finding was not addressed. There is no policy in place. However, a draft work from home policy is awaiting presentation to the Board.

6.5. Unclassified deposits

The finding was not addressed. The cause for unclassified deposits has not been addressed. However, the Authority has engaged its bankers for a solution which may reduce the unclassified deposits.

6.6. Safeguarding of assets

The finding was not addressed. Fire detection systems have not been put in place.

6.7. Contract management

The finding was partially addressed. The Authority has strengthened its contract management. However, lawyers are currently pursuing eviction as instructed based on those that breached the lease contract.

6.8. Procurement Officers

The finding was partially addressed. The officer who was seconded to the station is now back. However, the structure is still to be approved.

6.9. Advance salaries

The finding was addressed. The salary advances and loans were recovered.

6.10. Allowances and taxation

The finding was not addressed. Management will ensure that grossing up of allowances and school fees for managers and executives are included in the policy for consideration and approval by the Board in July 2024.

6.11. Automation of records

The finding was not addressed. The records are not yet fully automated.

6.12. Properties, projects and human resources management manual and guidelines

The finding was not addressed. The policies are yet to be approved.

Background Information

The Procurement Regulatory Authority of Zimbabwe was established in terms of the Public Procurement and Disposal of Public Assets Act [*Chapter 22:23*]. The main function of the Authority is to regulate public procurement.

I have audited the financial statements of Procurement Regulatory Authority of Zimbabwe 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 Procurement Regulatory Authority of Zimbabwe (PRAZ) as at December 31, 2022, and of 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) 13 – "Fair Value Measurement"

The Authority disclosed property, plant and equipment at a revalued amount of ZWL$ 1.9 billion. The valuation of property, plant and equipment was performed in United States Dollars (USD) and then translated to ZWL$ using the Reserve Bank of Zimbabwe (RBZ) auction exchange rate as at December 31, 2022. International Financial Reporting Standard (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 under current market conditions. In the current environment, it is not likely that the ZWL$ price derived from translating the USD value at the RBZ auction exchange rate would be the price at which a ZWL$ denominated transaction would occur. Accordingly, the fair values, based on the converted USD to ZWL$ values did not meet the requirements of International Financial Reporting Standard (IFRS) 13 – "Fair value measurement". Had the Authority revalued its assets in ZWL$, its property, plant and equipment value reported could have been materially different.

Below are other material issues noted during the audit;

1. GOVERNANCE ISSUES

1.1. Valuation of Property, plant and equipment

Finding

The Authority disclosed property, plant and equipment at a revalued amount of ZWL$ 1.9 billion. The valuation of property, plant and equipment was performed in United States Dollars (USD) and then translated to ZWL$ using the Reserve Bank of Zimbabwe (RBZ) auction exchange rate as at December 31, 2022. International Financial Reporting Standard (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 under current market conditions. In the current environment, it is not likely that the ZWL$ price derived from translating the USD value at the RBZ auction exchange rate would be the price at which a ZWL$ denominated transaction would occur. Accordingly, the fair values, based on the converted USD to ZWL$ values did not meet the requirements of International Financial Reporting Standard (IFRS) 13 – "Fair value measurement".

Risk / Implication

Misstatement of financial statements.

Recommendation

The Authority should comply with the requirements of International Financial Reporting Standard (IFRS) 13 – “Fair value measurement”.

Management response

The Authority understood that Zimbabwe is operating in a multi-currency regime in terms of SI 85 of 2020 and SI 185 of 2020 and therefore adopted the USD values presented as the fair value. However, the reporting currency is ZWL and as such the interbank rate was used to convert the USD valuation figures that were presented by Ministry of Public Works, National Housing - Valuation; Estate Division for land and ZIMNAT for property, plant and equipment.

Background Information

The Zimbabwe Energy Regulatory Authority was established in terms of the Energy Regulatory Authority Act [*Chapter 13:23*]. It is mandated to regulate the entire energy sector in Zimbabwe in a fair, transparent, efficient and cost effective manner for the benefit of the consumers and energy suppliers.

I have audited the financial statements of Zimbabwe Energy Regulatory Authority for the year ended December 31, 2023 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 Energy Regulatory Authority as at December 31, 2023, 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. Computer expenses

Finding

The Authority's computer ledger had transactions amounting to ZWL$6.7 million recorded in the SAP system without descriptions.

Risk / Implication

Concealment of fraud may go undetected.

Recommendation

All transactions should have clear descriptions in the system.

Management response

The observation is noted and management will ensure that details of transactions are captured in the accounting system.

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 years ended December 31, 2022 and 2023. I issued Qualified Opinion for 2022 and Adverse Opinion for 2023.

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 fairy, in all material respects, the financial position of Zimbabwe Investment Development Agency as at December 31, 2022, 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 Measurement"

The Agency's property, plant and equipment and investment property were valued at ZWL$1.1 billion and ZWL$1.6 billion as at December 31, 2022 respectively. The valuations were determined in USD and then translated to ZWL$ using the interbank rate. The translated ZWL$ values did not meet the requirements of International Financial Reporting Standard (IFRS)13 – "Fair Value Measurement" as this did not reflect the assumptions that market participants would apply in valuing similar items of property, plant and equipment in ZWL$. Accordingly, I was not able to satisfy myself as to the valuation and accuracy of investment property, property, plant and equipment and revaluation surplus.

Adverse Opinion 2023

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 Investment and Development Agency as at December 31, 2023 and its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards (IPSASs).

Basis for Adverse Opinion

i. Non-compliance with International Public Sector Accounting Standard (IPSAS) 46 - "Measurement"

The Agency's property, plant and equipment and investment property were valued at ZWL$20.4 billion and ZWL$11.5 billion as at December 31, 2023 respectively. The valuations were determined in USD and then translated to ZWL$ using the interbank exchange rate. The translated ZWL$ values did not meet the requirements of International Public Sector Accounting Standard (IPSAS) 46 -"Measurement" as this did not reflect the assumptions that market participants would apply in valuing similar items of property, plant and equipment and investment property in ZWL$. I was not able to satisfy myself as to the valuation and accuracy of investment property, property, plant and equipment and revaluation surplus.

ii. Non-compliance with International Public Sector Accounting Standard (IPSAS) 4 – "The Effects of Changes in Foreign Exchange Rates"

The Agency's functional currency changed from ZWL$ to USD in the current year based on the indicators stated in IPSAS 4 - "The Effects of Changes in Foreign Exchange Rates" paragraphs 11 to 13. The Agency delayed effecting the change in the functional currency and continued to record transactions in ZWL$. This was contrary to IPSAS 4 - "The Effects of Changes in Foreign Exchange Rates" as the conditions for a change in functional currency had been met. The effect of the non-compliance was considered to be pervasive and material to the financial statements.

Below are other material issues noted during the audit;

1. GOVERNANCE ISSUES

1.1. Value Added Tax (VAT) on fringe benefits

Finding

The Agency was not accounting for VAT on motoring benefit for condition of service motor vehicles allocated to management. This was contrary to the requirements of the Value Added Tax Act [*Chapter 23:12*] section 17(3) which requires motoring benefits for condition of service vehicle to be accounted for.

Risk / Implication

Financial loss due to penalties which may be levied.

Recommendation

The Agency should comply with requirements of the Value Added Tax Act [*Chapter 23:12*].

Management response

Noted. Management to rectify and compute VAT on motoring benefit.

1.2. Valuation of assets

Finding

The Agency engaged an external valuer for the valuation of Property, plant and equipment and Investment property. The valuation was performed in United States Dollars (USD) and translated to ZWL$ using the Reserve Bank of Zimbabwe auction rates at December 31, 2022. In the current environment, it is not likely that the ZWL$ price derived from translating the USD value at the auction rate would fairly present the fair values of these assets. I have not been availed with the final revaluation report for the revaluation of Property, plant and equipment which was held at year end and no satisfactory explanations were given.

Risk / Implication

Misstatement of financial statements.

Recommendation

Management should comply with the requirements of IFRS 13 – "Fair Value Measurement".

Management response

A USD valuation is most suitable in the current environment and can only be converted at the official closing rate at this stage.

1.3. Standard operating manuals

Finding

The Agency's Standard Operating Procedures manuals were in draft form.

Risk / Implication

Inconsistencies in applying procedures.

Recommendation

Management should expedite the finalisation of the standard operating procedure manual.

Management response

The standard operating procedure manual were in draft format and will be finalised and signed off accordingly.

1.4. Vacant posts

Finding

The Agency had vacant posts in the finance department. As a result, journal entries were not being reviewed for accuracy and validity during the year resulting in mis - posts and correctional journals amounting to ZWL$ 2million.

Risk / Implication

Errors and irregularities may not be detected.

Recommendation

Management should expedite the process of filling of vacant posts.

Management response

Recruitments in the finance departments are being finalised to ensure proper segregation of duties as well as authorisation of journals.

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 and the Administration's financial statements of the Zimbabwe National Road Administration for the year ended December 31, 2022 and I issued a Qualified Opinion with a report on going concern.

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 consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Zimbabwe National Road Administration as at December 31, 2022 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 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, in all material respects, the financial position of the Zimbabwe National Road Administration 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 on the Consolidated and Administration Financial Statements

Non-compliance with International Financial Reporting Standard (IFRS) 13 - "Fair Value Measurement"

The Group and the Administration engaged an external professional valuer to determine fair values of its Property, plant and equipment as at December 31, 2022. The asset valuation was performed in United States Dollar (USD), using USD denominated inputs, subject to certain assumptions, bases of valuation and using the market approach. The Group and the Administration translated the USD values to ZWL$ using the interbank exchange rate contrary to the requirements of International Financial Reporting Standard (IFRS) 13 - "Fair value measurement" paragraph 2 which 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.

In the current environment, it is not likely that the ZWL$ price derived from translating the USD value at the auction exchange rate would be the price at which a ZWL$ denominated transaction would occur. I was unable to determine whether adjustments to the carrying amounts of property, plant and equipment and revaluation surplus were appropriate in these circumstances.

Report on going concern

I draw your attention to the fact that the Group had negative equity position of ZWL$ 55.2 billion (2021:11.3 billion). The Group incurred significant losses mainly due to the exchange rate losses arising from the translation of the United States dollar denominated foreign loan balance to Zimbabwean dollars. These conditions indicate that a material uncertainty exists 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 Valuation of Property, plant and equipment

Finding

The Administration engaged an external valuer to value its property and equipment as at December 31, 2021. The valuations were performed in USD and were subject to certain caveats. The Administration converted the USD values to ZWL$ using the Reserve Bank of Zimbabwe auction exchange rate. In my considered view, this does not give a reasonable indication of fair value as defined by International Financial Reporting Standard 13, "Fair Value Measurement", (IFRS 13). IFRS 13 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.

Risk / Implication

Misstatement of financial statements.

Recommendation

The Administration should comply with the requirements of International Financial Reporting Standard (IFRS) 13 on Fair Value Measurement.

Management response

The valuation was carried out by professional valuers, they conducted the valuation using a USD base to establish the true and fair value of the assets as at December 31, 2022. In coming up with the decision the valuers took account of various factors which could have materially misstated our financial position had it been that they had used ZWL$ values which includes:

The active market was denominated in USD where comparable evidence in ZWL$ was scarce, hence the best alternative to arrive at ZWL$ values i.e. the reporting currency was to convert the USD values at the RBZ prevailing auction rate.

The distortions brought about by use forward pricing by the market made it difficult to obtain accurate valuations ZWL$.

2. REVENUE COLLECTION AND AND DEBT RECOVERY

2.1. Overload fees

Finding

The Administration policies were inadequate as there was no guidance covering release of vehicles with outstanding overload fees. As a result, there was no evidence of basis for release of eleven (11) vehicles which had an outstanding overload fees amounting to ZWL$10.1million. The Administration neither had evidence of a payment plan facility from its policies nor proof of payment from these overload fees debtors.

Risk / Implication

Loss of revenue.

Recommendation

Clearance of outstanding amounts should be adequately supported.

Management response

Noted. Follow-up with overload debtors is being done. Other debtors are complying. The management is also considering taking legal action against defaulting debtors. To ensure compliance, the administration will consider flagging defaulters in both the tolling and licensing systems.

2.2. Tailgating at Dema tollgate

Finding

High volume of vehicles were tailgating at Dema tollgate without paying tollgate fees during peak hours. On average 60 vehicles per lane, per shift were passing without paying toll fees. Vehicles which tailgated were flagged on the system, however, the system was not configured to record the frequency of tailgating. The frequency of tailgating was kept manually and not integrated or captured for integration with the licensing system. I noted that the recovery process from such vehicles was very low.

Risk / Implication

Service delivery may be compromised by inadequate collections.

Recommendation

Security controls should be enhanced at toll gates.

Management response

The observation and recommendation noted, following the blacklisting of vehicles the number of vehicles tailgating has been reducing especially at Dema. This was also coupled with a change in the type of booms which would have a faster closing time. The system allows an update of all arrears, and this will be updated to ensure full collection. Enforcement will also be increased to ensure collection of all fines. The fines increased from $20 to $30.

2.3. Tollgate evasions

Finding

The Administration introduced a manual system of recording vehicles in a register which evade the tollgates. These vehicles were supposed to be flagged in the system to alert other tollgates in order to recover the toll fees from the motorist. At Naude Quarry the supervisor was taking almost a month without submitting the list of vehicles for flagging in the system.

Risk / Implication

Loss of revenue due to inadequate collections.

Recommendation

Flagging of vehicles in the system should be done promptly so that the Administration may recover the toll fees in time.

Management response

The Administration has maintained the manual register on site with the offenders being fined on return to the tollgate. However, it has adopted flagging of vehicles using the bypass effective October 1, 2023.

2.4. Transit coupons

Finding

Eskbank tollgate had obsolete transit coupons which were not recorded in the register. These transit coupons were last used in 2018 and did not have security features. These manual tolling tickets were supposed to be used for manual ticketing if the system was down.

Risk / Implication

Loss of revenue due to irregular use of transit coupons.

Recommendation

Unused transit tickets should be recorded, and returned to head office.

Management response

The books in question are manual tolling tickets that are used for manual ticketing if the system is down. The books are now obsolete because of value and were returned to Head Office on November 30, 2023.

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

The Administration made progress in addressing audit findings and recommendations raised in my 2021 and 2022 annual reports. I raised three (3) audit findings in my 2022 annual report and followed up on three (3) findings which were outstanding from my 2021 annual report. Three (3) audit findings were addressed, two (2) were partially addressed and one (1) was not addressed as indicated below;

3.1. Exemption of Board members

The finding was addressed. The exemptions for the Board members was suspended awaiting response from the Ministry or the Corporate Governance Unit.

3.2. Disposal committee

The finding was addressed. The Internal Audit Manager is no longer part of the Asset Disposal Committee.

3.3. Vehicle licensing database

The finding was partially addressed. Deregistration has not yet been implemented CVR and ZINARA are working on this issue and the process is expected to be completed before end of March 30, 2024.

3.4. Compliance with the Road 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.

3.5. Weighbridges at Vehicle Inspection Department

The finding was addressed. The current MOU now requires all funds be directed 100% to ZINARA. All VID depots were supplied with ZINARA short receipt books in 2022.

3.6. Approval of payments

The finding was not addressed. Management have not addressed the issue as Bulawayo office does not have an Accounts representative.

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 Statistics Agency for the year ended December 31, 2022 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 National Statistics Agency 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) 16 - "Property, Plant and Equipment" and International Accounting Standard (IAS) 8 - "Accounting Policies, Changes in Accounting Estimates and Errors".

The Agency did not review the useful lives and residual values of its property, plant and equipment contrary to the requirements of International Accounting Standard (IAS) 16 - "Property, plant and equipment" paragraph 51 which requires that the residual value and the useful life of an asset should be reviewed at least each financial year-end and if expectations differ from previous estimates, any change is accounted for prospectively as a change in estimate under International Accounting Standard (IAS) 8 - "Accounting Policies, Changes in Accounting Estimates and Errors". As a result, some of the assets were fully depreciated but were still in use.

In addition, the Agency did not charge depreciation for some motor vehicles and field work equipment for the year ended December 31, 2022 and this was contrary to International Accounting Standard (IAS) 16 - "Property, plant and equipment" paragraph 55 which requires that depreciation begins when the asset is available for use and continues until the asset is derecognized. Had the Agency charged depreciation on these items, the carrying amount of motor vehicles would be materially different.

ii. Non-compliance with International Accounting Standard (IAS) 36- "Impairment of assets"

The Agency did not carry out an annual impairment assessment of its assets in accordance with International Accounting Standard (IAS) 36- "Impairment of assets". Some assets were classified as obsolete in the asset register and were recognized in the financial statements as property, plant and equipment and was adjusted for impairment as this exercise was carried out. Section 9 of IAS 36- "Impairment of assets" requires that impairment assessment of assets be carried out annually and if it exists. Had the Agency performed this exercise, the carrying amounts should be adjusted.

Below are other material issues noted during the audit;

1. GOVERNANCE ISSUES

1.1. Alignment of accounting processes to reporting framework

Finding

The Agency did not review the useful life and residual value of its property, plant and equipment in accordance with International Accounting Standard (IAS) 16 “Property, plant and equipment”, paragraph 51 which requires that, the residual values and the useful life to be reviewed at least each financial year-end.

In addition, the Agency did not recognise depreciation expense for some motor vehicles, motor cycles and field work equipment for the year ended December 31, 2022.This was contrary to International Accounting Standard (IAS) 16 - “Property, plant and equipment” paragraph 55 which requires charges to be raised when an asset is available for use and continues until the asset is derecognized.

Risk / Implication

Misstatement of property, plant and equipment.

Recommendation

The Agency should review at least annually the useful lives and residual value of its assets in accordance with IAS 16 - “Property, plant and equipment”.

Management response

We have initiated an immediate review of the useful life and residual value of our property, plant, and equipment. The Agency has engaged an expert to review useful life spans and residual values of Property, plant and equipment. This exercise is expected to be concluded by May 10, 2024. Once the exercise is completed, the Agency will be able to depreciate all items of Property, plant and equipment and implement for the year ended 2024 financial statements. The Agency has adopted Palladium Accounting System which has an asset management module. For the financial year 2024, depreciation will be computed through that system.

1.2. Impairment of assets

Finding

The Agency did not carry out an annual impairment assessment of its assets in accordance with International Accounting Standard (IAS) 36- “Impairment of assets”. Some assets were classified as obsolete in the asset register and were recognized in the financial statements as property, plant and equipment without testing them for impairment.

Risk / Implication

Misstatement of financial statements.

Recommendation

Management should carry out an annual impairment assessment in line with the requirements of International Accounting Standard (IAS) 36-“Impairment of assets”.

Management response

The Agency will promptly initiate an annual impairment assessment of our assets to comply with the requirements of IAS 36. This assessment will be conducted by our finance and accounting team in collaboration with relevant operational departments and external experts, as necessary.

1.3. Board Charter

Finding

The Agency did not have an approved Board Charter in place. This was contrary to the provisions of the Public Entities Corporate Governance Act *[Chapter 10:31]* section 28 (1) which requires approved board charters to be in place.

Risk / Implication

Oversight role of the Board may be compromised.

Recommendation

Approved Board Charter should be considered for the Agency.

Management response

This point is well noted. Management will present the Board Charter to the line Minister by May, 17 2024 for approval.

2. REVENUE COLLECTION AND DEBT RECOVERY

2.1. Staff receivables

Finding

The internal control over advances were weak in that, there was an officer who was paid ZWL$3.2 million as an advance to relocate from Manicaland province to Harare province in September 2022. The decision for him to relocate was rescheduled and then later postponed until the Officer resigned and this amount was still outstanding.

Risk / Implication

Financial loss due to non-recoverability of the amount due.

Recommendation

Management should recover all outstanding advances.

The Agency should strengthen its internal controls.

Management response

The member was initially scheduled to be transferred but the decision was subsequently reconsidered late in 2023. However, the member subsequently resigned from service, therefore, the money advanced to him will be deducted from his terminal benefits at current value.

3. PROCUREMENT OF GOODS AND SERVICES

3.1. Delivery of motor vehicles and furniture

Finding

The Agency paid ZWL$54.5 million deposit towards procurement of sixteen (16) Toyota Double cab vehicles amounting to ZWL$ 121.11 million. However, the supplier delivered four (4) motor vehicles as at December 31, 2022. In addition, furniture procured that meant to be distributed to various provinces during the year amounting to ZWL$ 7 million was not delivered.

Risk / Implication

Financial loss due to non-delivery of goods and services.

Recommendation

Management should engage the supplier and ensure that outstanding vehicles are delivered.

Management response

Observation is well noted. A follow up was made with the motor vehicle supplier who was able to deliver two (2) motor vehicles in 2023. Follow up is in progress for the supplier to deliver the vehicles equal to the deposit made towards the purchase. Logistics are underway to collect furniture and distribute to respective district offices. If the supplier fails to supply the furniture in question, processes recover will be initiated to recover the funds paid by the Agency.

4. MANAGEMENT OF ASSETS

4.1. Reconciliation of census tablets

Finding

The internal control over distribution of census tablets were weak. The Agency did not reconcile the tablets distributed to various provincial offices for census against the tablets that were returned from provincial offices between September and October 2022. As a result, there were 100 tablets that were not accounted for when the Agency disbursed 5 849 tablets to various stations in Midlands Province. However, only 5 749 tablets were returned.

Risk / Implication

Misappropriation of assets, that may compromise service delivery.

Recommendation

Management should consider review of the internal control over disbursements of tools of trade.

Whenever there are variances they should be investigated immediately.

Management response

The Agency will conduct a physical verification and counting of the tablets. This will involve comparing the physical counts with originally disbursed number of tablets, the recorded quantities on return, identifying and investigating any discrepancies, and updating the records accordingly. The exercise should be completed by May 31, 2024.

4.2. Disposal of motor vehicles

Finding

The Agency's board resolved to dispose nine (9) motor vehicles through a public auction on January 6, 2022 and eight (8) motor vehicles were disposed. However, one (1) motor vehicle earmarked for disposal could not be accounted for. Inspection of the records indicated that the vehicle had gone for repairs to a garage which have since closed.

Risk / Implication

Financial loss.

Recommendation

Management should avail supporting documents.

Management response

The vehicle, a baby cruiser was stolen whilst at a garage. The matter was reported to the law enforcement agency. The garage closed trading and the owners could not be located. Management has resolved to initiate a board of enquiry on the above mentioned vehicle.

5. EMPLOYMENT ISSUES

5.1. Leave pay provision

Four hundred and fourteen (414) out of five hundred and seventy-seven (577) employees of the Agency had leave days that had reached the ceiling of ninety (90) days.

Risk / Implication

A liability to the organization as these days should be paid in full on termination.

Recommendation

Departmental heads to have an annual leave plan so that employees take their leave.

Management response

Noted. Management will engage heads of divisions and units to come up with vacation leave plans. HR will be monitoring utilization of leave days by staff through the HR system and regular spot checks as well as encouraging staff members to go on leave.

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

The Agency did not significantly make progress in addressing audit findings that I raised in my 2021 and 2022 annual reports.I raised six (6) audit findings in the 2022 annual report and followed up on one (1) finding outstanding in my 2021 annual report. Two (2) findings were addressed and five (5) findings were not addressed as indicated below;

6.1. Board skills balance

The finding was not addressed. The Board did not have a member with skills in accounting and audit.

6.2. Board composition

The finding was not addressed. The Board has not addressed gender balance.

6.3. Segregation of duties

The finding was not addressed. The Agency is yet to recruit more employees as the treasury concurrence was received in 2024 to facilitate segregation of duties.

6.4. Asset register

The finding was addressed. During the December 2022 asset verification exercise all assets were included in the Master Asset register for the year 2022.

6.5. Controls over expenditure

The finding was addressed. All payment vouchers are being reviewed to ensure that only invoices addressed to ZIMSTAT are paid.

6.6. Office leases

The finding was not addressed. The lease agreements were not yet concluded as at year end.

6.7. Alignment of accounting processes to the reporting framework

The finding was not addressed. The 2022 financial statements were modified due to none compliance with International Accounting Standards hence the Agency has not aligned the accounting policies to the reporting framework.

Background Information

Zimbabwe National Water Authority was established in terms of the Zimbabwe National Water Authority Act [*Chapter 20:25*]. The Authority is responsible for the planning, development, operation and management of water resources within Zimbabwe.

I have audited the financial statements for Zimbabwe National Water Authority for the year ended December 31, 2022 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, in all material respects, the financial position of Zimbabwe National Water Authority 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 Adverse Opinion

i. Completeness and accuracy of revenue and trade receivables

During the year ended December 31, 2022, there were unreconciled revenue variances amounting to ZWL$ 671.6 million and unreconciled material variances on trade receivables. I was unable to determine the completeness and accuracy of the revenue and trade receivables using alternative audit procedures. Consequently, I was unable to determine whether any adjustments relating to revenue and trade receivables in the financial statements were necessary.

ii. Completeness of trade payables

Included in the financial statements are trade payables amounting to ZWL$ 3.8 billion. As at December 31, 2022, there were unreconciled material variances between balances confirmed by suppliers and those recorded in the creditors' ledger. As a result, I was unable to determine whether any adjustments were required to the financial statements arising from accounts payables not brought to account or incorrectly stated.

iii. Existence and valuation of inventory

Included in the financial statements is inventory balance of ZWL$193.5 million which did not reconcile to the balance in the inventory valuation report by ZWL$10.9 million. In addition, the inventory balance in the financial statements includes items of inventory with negative balances amounting ZWL$ 246.8 million in respect of which supporting documentation was not availed. I was not able to obtain reasonable assurance through alternative procedures regarding existence and valuation of inventory. Consequently, I was unable to determine whether any adjustments relating to inventory in the financial statements were necessary.

iv. Unreconciled variances on cash and cash equivalents

Included in the cash and cash equivalents balance of ZWL$ 2.2 billion is an unreconciled material variance between the balances confirmed by the financial institutions and those recorded in the accounting records. I was not able to obtain sufficient appropriate evidence regarding the cash and cash equivalents balances by using alternative procedures. Consequently, I was unable to satisfy myself on the accuracy of cash and cash equivalents in the financial statements.

v. **Non-compliance with International Financial Reporting Standard (IFRS) 16 – “Leases”**

The Authority entered into long-term lease arrangements in respect of the properties housing the Mzingwane Catchment Office and the Head Office. Management did not compute the right of use assets and lease liabilities in respect of the leases of properties housing the Mzingwane Catchment Office and the Head Office as required by IFRS 16 – “Leases”. This was because of the absence of a valid lease agreement between the Authority and the lessor for the Mzingwane Catchment Office and lease addendums to the lease agreement between the Authority and the lessor of Head Office. Consequently, I was unable to quantify adjustments that might have been necessary to the financial statements in respect of the lease liabilities and right of use assets.

Below are other material issues noted during the audit;

1. GOVERNANCE ISSUES

1.1. Completeness and accuracy of revenue and trade receivables

Finding

The Authority did not reconcile the revenue variances amounting to ZWL$671.5 million and material variances on trade receivables between balances confirmed by debtors and the ledger balances as at December 31, 2022. I was not able to ascertain the completeness and accuracy of the revenue and trade receivables using alternative audit procedures.

Risk / Implication

Misstatement of financial statements.

Recommendation

Management should ensure that reconciliations are performed between invoices raised by the Authority and confirmed balances with the customers.

Management response

We acknowledge this audit observation. These variances are as a result of timing differences between consumers’ reconciliation and the Authority’s reconciliation. The Authority with immediate effect carry out monthly high value debtors’ reconciliation.

1.2. Completeness of trade payables

Finding

The Authority disclosed trade payables amounting ZWL$ 3.8 billion as at December 31, 2022. There were unreconciled material variances between amounts confirmed by suppliers and the amounts recorded in the creditors’ ledger which had not been cleared at year end.

Risk / Implication

Misstatement of financial statements.

Recommendation

Management should ensure that reconciliations are performed between the Authority and trade payables on a regular basis to ensure the accuracy and completeness of payable balances.

Management response

The variances are as a result of timing differences between suppliers and our system. The Authority will engage the respective suppliers to resolve the variances and carry out monthly reconciliations.

1.3. Existence and valuation of inventory

Finding

The Authority's inventory balance of ZWL$ 193. 4 million was not reconciled to the balance in the inventory valuation report of ZWL$182.5 million giving a variance of ZWL$ 10.9 million. In addition, there were items with negative inventory balances amounting to ZWL$ 246.8 million which had not been investigated at year end.

Risk / Implication

Fraud and error may go undetected.

Possible misappropriation of inventory.

Misstatement of financial statements.

Recommendation

Management should reconcile regularly records and investigate anomalies.

Management response

Observation noted. These were errors caused by capturing of wrong unit price resulting in system price distortion. Correctional journals have since been done. Management shall engage the ERP vendor to update the system by July 2023 for the system not to allow the entering of negative stock.

1.4. Cash and cash equivalents

Finding

The Authority had an unreconciled material variance between the cash and cash equivalents balances confirmed by the financial institutions and those recorded in the accounting records amounting to ZWL$ 2.2 billion. This was contrary to section 9.1 of the Authority's Accounting and Internal Control Policies and Procedures which requires that reconciliations should be done on a monthly basis and unreconciled items cleared timeously.

Risk / Implication

Misstatement of financial statements.

Recommendation

Management should ensure that reconciliations are prepared on a monthly basis and unreconciled items are cleared timely.

Management response

Observation noted. These are transactions which had not been cleared by the bank in 2022. However, the transactions have since been cleared in 2023.

1.5. Lease management

Finding

The Authority's internal controls over management of leases were weak. As a result, the Authority operated without a valid lease agreement with the lessor of the Mzingwane Catchment Office and the lease addendums for the lease agreement between the Authority and the lessor of Head Office was not availed. In addition, management did not account for the right of use assets and lease liabilities in respect of these leases in terms of IFRS 16 – "Leases".

Risk / Implication

Misstatement of financial statements.

Recommendation

Management should enhance the effectiveness of internal controls over lease management.

Management response

Observation noted. The lease agreement for Mzingwane will be signed by the end of June 2023. The Authority is in consultation with the Head Office lessor to obtain the addendums for 2019.

2. SERVICE DELIVERY

2.1. Raw water usage

Finding

The Authority was not enforcing the installation and usage of raw water metering devices on its customers during the year. As a result, the Authority resorted to the use of contracts which involved estimates on billing raw water usage. This was contrary to the raw water supply agreement and the Water Act [*Chapter 20:24*] Section 43 which requires a water user to install a measuring device.

Risk / Implication

Possible financial loss due to undercharging of raw water.

Recommendation

The Authority should consider introducing meters for all raw water users.

Management response

Management acknowledges this audit observation. A water user shall install a measuring device in accordance with a raw water supply agreement and the Water act. In the event that there is no measuring device then the authority will be entitled to use estimates based on crop water requirements.

2.2. Shortages of operational vehicles

Finding

The Authority's service centers experienced shortage of vehicles to attend to breakdowns and day-to-day operations. For instance, Sanyati catchment had seventeen (17) vehicles servicing eighty-nine (89) stations and seven (7) of the seventeen (17) vehicles had exceeded their useful lives. Review of the operating expenses revealed that the vehicle maintenance costs have increased by 324% compared to the prior year.

Risk / Implication

Service delivery may be compromised.

Recommendation

Management should adequately resource service centers with motor vehicles for operations.

Management response

The audit observations are noted. Management has embarked on a process of disposing of old and obsolete vehicles through auctions. Management has also started the process of replacing those vehicles by procuring Forty (40) operational vehicles by year-end.

2.3. Cracks on segmentation water tanks

Finding

The Authority's various service centers had water supply stations that have cracked segmentation water tanks.

Risk / Implication

Loss of revenues due to water leakages.

Increase in plant inefficiencies resulting in high costs of production.

Recommendation

Management should regularly maintain the segmentation water tanks.

Management response

This observation is acknowledged. The Authority has put in place a project management unit specifically to deal with refurbishing and rehabilitating various stations.

2.4. Chemical feeders for water supply stations

Finding

Various catchments of the Authority were using dosing bins for most service centers instead of chemical feeders. Chemical feeders are essential in ensuring that an appropriate amount of chemicals is applied during the water purification process.

Risk / Implication

Possible inaccurate measurement of chemicals used in the processing of clean water.

Recommendation

The Authority should ensure purification plants are equipped with chemical feeders.

Management response

Observation noted. The Authority's rehabilitation program includes the replacement of dosing bins with chemo feeders.

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

The Authority has made some progress in addressing the audit findings raised in my 2020 and 2021 annual reports. I raised two (2) audit findings in my 2021 annual report and I followed up on two (2) findings which were outstanding from my 2020 annual report. One (1) finding was addressed, two (2) findings were partially addressed and one (1) finding was not addressed as indicated below;

3.1. Provision of services

The finding was not addressed. As at December 2022, the Authority did not have a backup power supply in the event of load shedding.

3.2. Receipts in foreign currency

The finding was addressed. Adjustments were done during the audit field work and hence the matter was resolved.

3.3. Customer billings

The finding was partially addressed. The Authority has carried out a data clean up exercise to rationalize the tariff codes for all consumers. However, the consumers for the stations were handed over to Councils but their accounts remain in the Authority's data base.

3.4. Configuration of the billing system

The finding was partially addressed. The Authority initiated a data clean-up process to address the billing anomalies.

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, 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 Zimbabwe Parks and Wildlife Management 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).

Below are material issues noted during the audit;

1. GOVERNANCE ISSUES

1.1. Submission of internal audit reports

Finding

The Authority was not submitting finalised internal audit reports to the Office of the Auditor General and Accountant General's Office during the year. All the 2022 internal audit reports for the Authority were submitted in 2023.This was contrary to the provisions of Section 80(5) of the Public Finance Management Act [*Chapter 22:19*] which requires the transmission of copies finalised internal audit reports to the Accounting Officer, Treasury and the Auditor-General.

Risk/ Implication

Accountability will be compromised.

Recommendation

The Authority should comply with the provisions of Section 80(5) of the Public Finance Management Act [*Chapter 22:19*].

Management response

Observation noted. The Authority will comply. All copies of 2022 Internal Audit reports were availed to the external auditors and all reports for 2023 will be submitted by October 31, 2023.

1.2. Management of contracts

Finding

The Authority awarded a contract to a supplier for the supply of a motor vehicle engine on December 21, 2022. However, the supplier had not delivered the engine as at August 28, 2023.

Risk / Implication

Financial loss due to payment of goods that might not be delivered to the Authority.

Recommendation

The Authority should exercise due diligence when procuring assets.

The Authority should consider taking legal action against the contractor to ensure the asset is delivered or recover the money paid as well as liquidating damages.

Management response

Observation is noted. The Authority has made several attempts including meetings with the supplier. The matter was being followed up by a team comprising Risk, Audit and Administration. Our external lawyers have been engaged to deal with the matter.

1.3. Board of inquiries

Finding

The Authority's Transport Policy was not aligned to the requirements of section 103 (14) and (15) of the Public Finance Management [Treasury Instructions] of 2019 as it did not provide timelines to guide the convening of Board of Inquiries following accidents involving the Authority's motor vehicles. As a result, Board of Inquiries for accidents which occurred between January 2022 and August 2022 for the twelve (12) motor vehicles were outstanding at year end.

Risk / Implication

Financial loss due to lapse of time.

Recommendation

The Authority's Transport Policy should be aligned to the provisions of section 103 (14) and (15) of the Public Finance Management [Treasury Instructions] of 2019.

Management response

The observation has been noted. The Authority will review the transport policy by the end of fourth quarter 2023.

1.4. Management of joint arrangements

Finding

The Authority's accounting policies were not adequate to support the management of joint venture arrangements. As a result, joint arrangement transactions were not being accounted for timely. In addition, the Authority's Accounting Policy and Procedures Manual did not provide guidance on reporting when there are different reporting currencies between the joint arrangement and the Authority.

Risk / Implication

Inconsistences in the processing of transactions.

Recommendation

The Authority should update its accounting policies and procedures manual to cater for its arrangements.

Management response

We take note of the observation, and the authority will update its accounting manual by end of 2023 to cater for joint arrangements.

1.5. Lease arrangements and conservation support

Finding

The Authority's Accounting Policy and Procedures Manual did not provide guidance on accounting for assets arising from conservation support in form of lease arrangements and donations. As a result, Zambezi Station did not report the work-in-progress in respect of the Rock Pool project that was under construction as at December 31, 2022.

Risk / Implication

Misappropriation of donations.

Recommendation

The Authority should provide a policy to guide on accounting for assets arising from conservation support.

The Authority should account for all donations received in any particular year.

Management response

Audit observation is noted. Guidance for management of assets will be provided for in accounting manual by fourth quarter 2023.

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

The Authority did not make progress in addressing audit findings and recommendations raised in my 2022 and 2020 annual audit reports. I raised one (1) audit finding in my 2022 annual report and followed up on two (2) outstanding in my 2020 annual report. All the three (3) findings were not addressed as indicated below;

2.1. Asset maintenance plan

The finding was not addressed. The Authority had no asset maintenance plan and maintenance works that were carried out during the period were based on the availability of funds.

2.2. Revenue system

The finding was not addressed. The revenue system is not yet integrated with the accounting system (Sun system).

2.3. Lease receivables

The finding was not addressed. There were no documented instructions.

Background Information

The Zimbabwe Revenue Authority 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 facilitation of trade.

I have audited the financial statements of the Zimbabwe Revenue Authority for the year ended December 31, 2023 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 Return, 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, 2023 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) 13 – "Fair Value Measurement"

The Authority disclosed property, plant and equipment at a value of ZWL$ 563 billion. The Authority engaged a valuer who conducted a desktop valuation of items of property, plant and equipment and investment property as at December 31, 2023.The valuer's assumptions were based on representations by management and not independent physical verification of the assets. The valuer was not engaged for the comprehensive valuation of all the properties of the Authority before.

In addition, the valuation report did not have adequate information on the ZWL$ inputs used in the valuation exercise for properties. The valuer used USD inputs for properties due to limitations in obtaining these from the market. The USD fair values were then converted to ZWL$ fair values for properties using the prevailing interbank exchange rate. Fair values obtained by applying this method did not meet the requirements of International Financial Reporting Standard (IFRS) 13 – "Fair value measurement" as the fair value is 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 under current market conditions. In the current environment, it is not likely that the ZWL$ price derived from translating the USD value at the interbank rate would be the price at which a ZWL$ denominated transaction would occur. As a result, the fair values, based on the converted USD to ZWL$ values did not meet the requirements of International Financial Reporting Standard (IFRS) 13 – "Fair value measurement". Had the Authority revalued all its assets in ZWL$, its property, plant and equipment value reported could have been materially different.

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, 2023.

Basis for Qualified Opinion

i. Unclassified deposits

The Authority received deposits amounting to ZWL$101.54 billion (2022: ZWL$1.098 billion) from clients during the year ended December 31, 2023. These deposits were not receipted and allocated to any tax head as at December 31, 2023 due to insufficient client 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. Private imports debt

Included in customs debt were entries made in advance (pre-clearance) by clients amounting to ZWL$15.8 billion and USD 8 million as at December 31, 2023. 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 custom debt included amounts which may not be collected and the amount of debt was not adjusted accordingly.

iii. Removal In Transit (RIT) not acquitted

The Authority had removal in transit entries with potential duty amounting to ZWL$7.1 million which had not been acquitted as at December 31, 2023. Some of the entries date back to the year 2015 and they exclude RITs that are in the process of cancellation once they meet the required criteria. As a result, the extent of outstanding duty payable to be included in the outstanding revenue return could not be established as some of the goods might have been consumed locally.

iv. Temporary Import Permits (TIP)

The Authority had 40 985 electronic temporary importers permits and 19 719 manual TIPs that were issued on the basis that the vehicles were entering the country temporarily. Some of the entries date back to the year 2013. I could not ascertain whether the vehicles had exited the country or may have been localised as they remained not acquitted as at December 31, 2023. I could also not ascertain the extend of duty payable in case the vehicles were localised.

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, 2023.

Basis for Qualified Opinion

Unclassified deposits

The Authority received deposits amounting to ZWL$101.54 billion (2022: ZWL$1.098 billion) from clients during the year ended December 31, 2023. These deposits were not receipted and allocated to any tax head as at December 31, 2023 due to insufficient client payment details. As a result, some clients continued to accumulate penalties and interest for outstanding amounts. The tax heads on revenue collected during the year have not been adjusted for these deposits due to insufficient payment details. I could not establish the extent of misstatement for each 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, 2023.

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, 2023.

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, 2023.

Below are other material issues noted during the audit;

1. GOVERNANCE ISSUES

1.1. Valuation of Assets

Finding

The Authority disclosed property, plant and equipment at a value of ZWL$ 563 billion. The Authority engaged a professional valuer who conducted desktop valuation of items of property, plant and equipment and investment property as at December 31, 2023.The valuer's assumptions were based on management representations and no evidence of independent physical verification of these assets and properties before. This valuer was not engaged for the comprehensive valuation of all the properties of the Authority in the previous years.

In addition, the valuation report did not have adequate information on the ZWL$ inputs used in the valuation exercise for properties. The valuer used USD inputs for properties due to limitations in obtaining these from the market. The USD fair values were then converted to ZWL$ fair values for properties using the prevailing interbank exchange rate. Fair values obtained by applying this method did not meet the requirements of International Financial Reporting Standard (IFRS) 13 – "Fair value measurement".

Risk / Implication

Misstatement of financial statements.

Recommendation

Management should comply with the requirements of International Financial Reporting Standards (IFRS) on the determination of fair value assets.

Management response

The observation is noted. However kindly take note of the following:
Management acknowledges that the valuer did not carry out a physical assessment of the Authority's assets. Physical valuations were done by a different valuer in 2022 (land and buildings) and in 2021 for all asset classes. The 2023 Valuer did a desktop valuation and admittedly relied on information which was supplied by management to carry out the valuation. Management provided a list of assets which they considered to have issues which could affect values outside normal depreciation and the issues were taken into consideration. Regarding the inputs used to come up with the valuations, the Valuer

indicated that, for movable properties-, most properties in Zimbabwe are sold in USD, which makes it difficult to identify the ZWL$ inputs for actual sales being closed in ZWL$. The assets were valued in USD and ZWL$ values were derived by applying the official exchange rate of ZWL$ 6 104 at the date of valuation.

1.2. Service level agreement

Finding

The Authority's contract management processes were not adequate. As a result, the Authority at Bulawayo Port was paying rentals to a landlord for the accommodation of the canine unit during 2023 without a valid lease contract. There was no evidence availed that a new arrangement has been put in place to regularize the matter. Additionally, no competitive quotations were sought before selecting the landlord for the temporary accommodation of the canine unit.

Risk / Implication

No legal recourse in the event of litigation.

Recommendation

Valid lease agreements should be considered.

Management response

Observation noted. The arrangement was meant to be temporary after the lease with the previous landlord abruptly ended. We are actively looking for proper housing for the K9 unit. However, we note the recommendation to regularize the lease in the meantime.

1.3. Bank reconciliations

Finding

The Authority had reconciling items for bank accounts held at head office and regional offices dating as far back as 2019, which were still outstanding. This was contrary to the bank reconciliations (SAP) procedures section 2.4.5 which requires all open transactions to be cleared within 30 days.

In addition, there was no evidence of review of bank reconciliation on some bank accounts at Region 2 as they were not signed. This was contrary to the Authority's bank reconciliations procedures section 2.3.3 which requires that signed bank reconciliation statement to be reviewed. In addition, bank reconciliations for the months of January, March, April, November and December were not prepared within the timelines prescribed in the policy documents.

Risk / Implication

Irregular transactions may not be detected on time.

Recommendation

The Authority should update its bank reconciliations procedures manual to incorporate the exact time in which reconciling items should be investigated and cleared.

Management response

Observation noted. The Authority takes note of the recommendation to update procedures with the view of reviewing timelines on reconciling items. The draft procedures will be finalized by end of second Quarter in line with the ISO certification project target date of 30 September 2024.

Reconciling items dating back to 2019 are being investigated and cleared. Management undertakes to have cleared long outstanding items by end of 3rd quarter 2024 and timeously clear reconciling items to mitigate against the foreseen risks.

2. REVENUE COLLECTION AND AND DEBT RECOVERY

2.1. DOMESTIC TAX

2.1.1. Unclassified deposits

Finding

The Authority received a total of ZWL$101.5 billion that was not receipted due to insufficient client details of which the majority of the deposits had not been cleared subsequent to year end. The high prevalence of insufficient client details deposits arose from clients remitting contributions and other payments through online banking. As a result, I could not ascertain the completeness and valuation of the outstanding revenue return.

Risk / Implication

Deposits not yet receipted may distort contributors' debt figures.

Recommendation

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

Management response

The Authority is in constant engagement with clients and banks to clear the unclassified receipts, which results from client payments with insufficient details to enable receipting. In addition, the Authority has implemented TaRMS which is assessment based and is expected to cure this challenge going forward. TaRMS should not have this difference.

2.1.2. Tobacco levy submission

Finding

The old tax management system could not facilitate automatic reminders to clients such as those responsible for tobacco levy. As a result, tobacco levy returns were not submitted by some clients as required by the Income Tax Act [*Chapter 23:06*], hence their accounts were in credit as at December 31, 2023 and this misrepresented clients' tax status. I noted that 34 out of 61 expected returns had not been submitted as at December 31, 2023.

Risk / Implication

Low level of compliance.

Recommendation

A follow up on all tax returns should be made.

Management response

Management has followed up the returns and 12 outstanding returns under MCO were submitted but SCO is engaging the clients for finalization by May 31, 2024. The TaRMS system has a facility for sending reminders and this shall assist in monitoring outstanding returns.

2.2. CUSTOMS TAX

2.2.1. Deferment of Value Added Tax

Finding

The clients that were being authorised to defer payment of VAT as provided for in section 12(f) of Value Added Tax Act [*Chapter 23:12*] on importation were not complying with the deferment terms in that at the lapse of deferment periods (due dates), these clients were not honouring VAT obligations. As at December 31, 2023 there were clients owing ZWL$8.3 billion. The Authority had not collected this amount since some of the clients who were placed on garnish had no funds in their bank accounts.

Risk / Implication

Revenue loss as tax may not be collected.

Recommendation

Outstanding VAT deferments should be followed up and cleared.

Management response

Observation noted. Management will continue to follow up overdue deferred VAT payments.

2.2.2. Form 49 outstanding debt

Finding

The clearance system for the entries made in advance (pre-clearance) by clients was not enabling the officers to distinguish lodged entries that will be confirmed for clearance and from duplicate entries that may not result in importation. As a result, the private import debt data was not cleaned to reflect true customs debt as these lodged entries needed to be confirmed if the goods will be imported or not. According to the procedures, where goods are no longer being imported, then cancellation processes are initiated. The Authority recognised debt amounting to ZWL$15. 8 billion and USD 8 million, from the entries made in advance as at December 31, 2023, whose status had not been established.

Risk / Implication

Misstatement of outstanding debt.

Recommendation

Regular validation of the long outstanding form 49 debt.

The Authority should consider the reconfiguration of the pre-clearance system to capture essential client information that will facilitate follow up.

Management response

Observation noted. To reduce such type of debts, the Authority was following up with clients to confirm if the goods will be imported or not. Where goods are no longer being imported, then cancellation processes are initiated. As at April 30, 2024, ZWL $ 11 billion, and USD2.9 million had been accounted for.

3. EMPLOYMENT ISSUES

3.1. Automation of payroll processes

Finding

The SAP HCM was not yet configured to calculate multi-currency payroll costs as a result, the allowances were being processed outside the payroll which is prone to error.

Risk / Implication

Errors may occur in payroll calculations.

Recommendation

The Authority should engage the service provider to assist with the configuration of the system to address this challenge.

Management response

Observation noted. The automation of the manual process is part of the digitalization strategy and procurement of a solution to address this area is under way.

The SAP HCM system currently operates with a single currency, which is the local currency (ZWL$). Consequently, it is unable to perform calculations involving dual currencies within the system.

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

The Authority made progress in addressing my audit findings 2019, 202, 2021 and 2022 annual reports. I raised fifteen (15) findings in my 2022 annual report and followed up on nine (9) outstanding findings from my 2019, 2020 and 2021 annual reports. Eleven (11) findings were addressed, seven (7) were partially addressed while six (6) findings were not addressed as indicated below;

4.1. Travel and subsistence policy

The finding was partially addressed. Outstanding advances are now current except for the advances for officers who either left the organisation or are on suspension. These will be cleared from terminal benefits.

4.2. Accounting for leases

The finding was addressed. All foreign denominated leases were converted using the prevailing inter-bank rate. The Authority also trained every concerned Officers on lease accounting and year-end procedures.

4.3. Automation of revenue collection processes

The finding was partially addressed. Authority is working on several projects which include TaRMS project and Fiscalisation project that will see a seamless integration of these systems and automate the current manual processes.

4.4. Civil penalties

The finding was addressed. The Authority introduced a new system (TaRMS) whichh was configured to calculate civil penalty for late submission of returns (VAT, ITF 12 C, ITF 16) using historical returns.

4.5. Classification of revenue

The finding was not addressed. The risk profiling functionality will be addressed in TaRMS under Release 3 to be launched in Q4 2024.

4.6. E-filing

The finding was addressed. The solution was provided by a new TaRMS solution being implemented.

4.7. Temporary Import Permits (TIPs)

The finding was partially addressed. The acquittal rate for outstanding TIPs now stands as follows:

- Electronic TIPs: 96.05%
- Manual TIPs: 87.21%

Outstanding TIPs for the period 2013-2017 now stand at: -

- Electronic TIPs: 13 324

4.8. Private imports debt

The finding was not addressed. The cause for private import debt was not addressed in the current year as the debt stood at ZWL$15.8 billion. Configuration of the system to enable capturing and flagging of importers was rolled over to Q4 2024 after the Upgrade of ASYCUDA World.

4.9. Destruction of prohibited goods

The finding was addressed. The incineration facility was secured.

4.10. Redundant assets

Finding was addressed. Authority redistributed some redundant assets from Beitbridge border post to other regions and auctioned other redundant and obsolete assets in Q4 2023.

4.11. Vehicle fleet costs

The finding was partially addressed. The Authority disposed some of the beyond economic repair and accident damaged vehicles through auctions carried out in 2023. However, those old vehicles that remained continued to incur high repairs and maintenance costs.

4.12. Buildings

The finding was not addressed. Refurbishment of old buildings was included in the CAPEX budget and funds are yet to be availed. Minor works were being staggered due to budget constraints.

4.13. Delivery of vehicles

The finding was not addressed. The Authority engaged the supplier and they are awaiting supplier delivery response.

4.14. Engagement of fix and supply contractors

The finding was addressed. The repairs and maintenance contractors were being subjected to quarterly evaluation through the Contracts Management section of PMU and all quotations are subjected to value for money, which checks fix, and supply quotations.

4.15. Declaration of interest by procurement evaluation team

The finding was addressed. Declaration of interests was now being done by procurement evaluation team during 2023.

4.16. Sanitising booths

The finding was not addressed. Sanitization booths remained not functional until they became obsolete.

4.17. E-services platform

The finding was addressed. The Authority introduced a new system with effect from Q4 2023. Taxpayers are no longer facing the congestion challenges when submitting their tax returns in TaRMS.

4.18. Duplicate contract accounts

The finding was addressed. The Authority moved from SAP ERP system to TaRMS system.

4.19. Customs debt from imported vehicles

The finding was partially addressed. One hundred and forty-one (141) motor vehicles that were identified during the audit have been recovered. Six hundred and four (604) vehicles needed further follow up.

4.20. Management of Removal in Transit (RIT)

The finding was not addressed. Follow ups are still being made.

4.21. Report orders

The finding was partially addressed. Engagements with importers is on-going.

4.22. Follow up procedures on outstanding temporary import permits

The finding was addressed. The procedures on TIPs follow ups were reviewed.

4.23. 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.

4.24. Online deposits 2020 and 2021

The finding was addressed. Transactions for 2020 and 2021 were cleared.

Background Information

The Zimbabwe Tourism Authority was established in terms of the Tourism Authority Act [*Chapter 14:20*] with a mandate of developing, managing, promoting and marketing Zimbabwe as a tourist destination in both the local and international markets.

I have audited the financial statements of Zimbabwe Tourism Authority 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 Tourism 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

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

Opening balances

The Authority's financial statements had been presented in Zimbabwean Dollars (ZWL$). The Authority changed its functional and reporting currency from United States Dollar (USD) to Zimbabwe Dollars (ZWL$) on February 22, 2019 in compliance with Statutory Instrument 33 of 2019. However, the change occurred on October 1, 2018 in terms of International Accounting Standards (IAS) 21 - "The Effects of Changes in Foreign Exchange Rates" given the significant monetary and exchange control policy changes witnessed in Zimbabwe from 2016 through to 2019. Management has not made retrospective adjustments in terms International Accounting Standards (IAS) 8 – "Accounting Polices, Changes in Accounting Estimates and Errors" to correct the above matters, as it was not practicable to do so.

The prior year opinion was modified due to the impact of this matter on retained earnings and property, plant and equipment balances on the Authority's statement of financial position which still comprised of material amounts from opening balances, as well as movements on the Authority's statements of profit or loss, cash flows and changes in reserves. My opinion on the current period's financial statements is therefore modified because of the possible effects of this matter.

The Authority applied IAS 29 - "Financial Reporting in Hyperinflationary Economies" on prior year corresponding numbers which were not in compliance with IAS 21/ IAS 8 as described above, therefore the inflation adjusted corresponding figures for line items above also remains misstated. Consequently, the monetary gains / (losses) stated as ZWL$ 46 million (2020: loss ZWL$ 27.7 million) would have been impacted. The effects of the above departures from International Financial Reporting Standards (IFRSs) are material but not pervasive to financial statements.

Below are other material issues noted during the audit;

1. GOVERNANCE ISSUES

1.1. Board remuneration

Finding

The Board was paid grocery allowances during the year amounting to ZWL$864 500 and holiday benefits amounting to a total of ZWL$2.1 million. I was not availed with evidence of approvals from Parent Ministry pertaining to these allowances. This was contrary to section 14 (3) of the Public Entities and Corporate Governance Act [*Chapter 10:31*] which prohibits board members to receive any remuneration, allowance or benefit in excess of the amount specified in the notice from the Ministry. In addition, the Authority did not withhold 20% withholding tax as required by thirty-third schedule of the Income Tax Act [*Chapter 23:06*].

Risk / Implication

Financial loss due to payment of unauthorised benefits.

Fine and penalties may be levied due to non-compliance with Income Tax Act [*Chapter 23:06*].

Recommendation

Board benefits and allowances should be approved by Parent Ministry before payment.

The Authority should comply with the requirements of the Public Entities and Corporate Governance Act [*Chapter 10:31*].

Management response

The matter is under investigation by the parent Ministry, and we await direction from the Ministry.

1.2. Board charter and code of ethics

Finding

The Authority had not aligned its governance processes with the Public Entities and Corporate Governance Act [*Chapter 10:31*]. As a result, the board charter and code of ethics were not available on the Authority's website and at the Authority's offices. This was contrary to Section 30 of the Public Entities and Corporate Governance Act [*Chapter 10:31*] which requires every public entity to ensure that a copy of the entity's board charter and code of ethics are kept at the entity's office and be available in electronic form for inspection by members of the public on the entity's website.

Risk / Implication

Oversight role of the Board may be compromised.

Recommendation

The Authority should uphold sound corporate practices as required by the act.

Management response

The ZTA has both Board Charter and Code of Ethics and were under review during the time of Audit. The Charters shall always be available for inspection by the public and posted on the ZTA Website.

2. EMPLOYMENT ISSUES

2.1. Grocery allowances for employees

Finding

The Authority's employees received grocery allowances as a cushion against Covid-19. However, the grocery benefit was processed outside the Belina payroll system and no tax was charged. This was contrary with section 8 (1) (b) read with thirteenth schedule of the Income Tax Act [*Chapter 23:06*].

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 observation is noted, and the issue of taxation is being corrected.

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

The Authority had not made progress in addressing the audit finding that I raised in my 2021 annual report. I raised one (1) audit finding and it was not addressed as indicated below;

3.1. Internal Audit staff complement

The finding was not addressed. The internal audit department had not been resourced.

PUBLIC ENTITIES UNDER THE CATEGORY OF BOARDS

Background Information

The Grain Marketing Board was incorporated in terms of the Grain Marketing Act [*Chapter 18:14*]. The Board's main activities are buying, storing of grain, 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, 2021 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 consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Grain Marketing Board as at March 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

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"

Opening balances

The prior year consolidated financial statements did not comply with the requirements of International Accounting Standard (IAS) 21- "The Effects of Changes in Foreign Exchange Rates", as the Group was not able to use an appropriate exchange rate on change of functional currency. The Group 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 Group 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 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 prior year financial statements have not been restated in accordance with International Accounting Standard (IAS) 8- "Accounting Policies, Changes in Accounting Estimates and Errors" (IAS) 8, to correct this anomaly that resulted in an adverse opinion. The effect of the non-compliance was considered material but not pervasive in the current period.

ii. Valuation of buildings

The Group adopted the revaluation model in accounting for its property, plant and equipment. However, the Group last revalued its buildings in 2018 despite the prevailing hyperinflationary environment. There have been significant changes in fair values of buildings which would warrant revaluation of buildings to be done to reflect the carrying amounts which would have been determined using fair value at the end of the reporting period. This was contrary to International Accounting Standard (IAS) 16 – "Property, plant and equipment" paragraph 31 which requires that revaluations 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. Had the Group revalued the assets, the inflation adjusted financial statements amount of ZWL$ 4.6 billion could have been materially affected.

Qualified Opinion on the Grain Marketing Board 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 Grain Marketing Board 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

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"

Opening balances

The prior year financial statements for the Board did not comply with the requirements of International Accounting Standard (IAS) 21- "The Effects of Changes in Foreign Exchange Rates", as the Board was not able to use an appropriate exchange rate on change of functional currency. The Board 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 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 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 prior year financial statements have not been restated in accordance with International Accounting Standard (IAS) 8 - "Accounting Policies, Changes in Accounting Estimates and Errors" (IAS) 8, to correct this anomaly that resulted in an adverse opinion. The effect of the non-compliance was considered material but not pervasive in the current period.

ii. Valuation of property, plant and equipment

The Board adopted the revaluation model in accounting for its property, plant and equipment. However, the Board last revalued its property, plant and equipment in 2018 despite prevailing hyperinflationary environment. There have been significant changes in fair values of property, plant and equipment which would warrant revaluation of property, plant and equipment to be made to reflect the carrying amounts which would have been determined using fair value at the end of the reporting period. This constituted a departure from International Accounting Standard (IAS) 16 – "Property, plant and equipment" paragraph 31 which requires that revaluations 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. Had the Board revalued the assets, the carrying amount of Property, plant and equipment would have been materially affected.

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

The Board entered into a lease agreement with Silo Foods Industries covering the period beginning April 1, 2019 to March 31, 2020. The lease was not renewed upon expiry and Silo Food Industries continued occupying the premises without any signed agreement as there were disagreements with the tenant on rentals. As a result, the Board did not account for this arrangement as a lease in accordance with IFRS 16 – "Leases". I was therefore unable to determine the extent of the adjustments necessary to the financial statements.

Below are other material issues noted during the audit;

1. GOVERNANCE ISSUES

1.1. Board Minutes

Finding

There was no evidence to support that the Board was meeting during the year as there were no board minutes availed for audit. This was contrary to section 137 (f)(ii) of the Public Entities Corporate Governance Act [*Chapter 10:31*] which requires meeting proceedings to be recorded and minutes circulated and approved by the relevant Chairperson.

Risk / Implication

Oversight role of the Board may be compromised.

Recommendation

The Board should ensure that minutes are recorded whenever formal meetings are convened.

Management response

The recommendation has been noted. Since the appointment of a substantive Corporate Secretary in May 2021, the minutes for all Board and Committee meetings are being recorded.

2. MANAGEMENT OF ASSETS

2.1. Staff quarters status

Finding

The Board was not regularly maintaining its staff quarters. As a result, some staff quarters in Mashonaland West had deteriorated severely and needed urgent repairs.

Risk / Implication

Financial loss as further delays would result in costly repairs.

The health and safety of employees is compromised.

Recommendation

The Board should come with revenue generation strategies to address the cash flow challenges.

Management response

The Board has embarked on a plan to repair the staff houses. Due to the limitation of funds, the houses will be repaired in phases. All the income from the staff houses is being channeled back towards staff houses repair costs.

2.2. Lease rentals

Finding

The Board entered into a lease agreement with Silo Foods Industries covering the period beginning April 1, 2019 to March 31, 2020. The lease was not renewed upon expiry and Silo Food Industries continued occupying the premises without any signed agreement as there were disagreements with the tenant on rentals. As a result, the Board did not account for this arrangement as a lease in accordance with IFRS 16 – "Leases".

Risk / Implication

There may be no legal recourse in the event of a dispute.

Recommendation

Management should make efforts to expedite the finalization of lease agreements.

Management response

We have now agreed with Silo Food Industries on rentals for the previous years from 2019. We are in the process of drafting and signing lease agreements for the properties that Silo Food Industries is leasing.

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

The Board made progress in addressing audit findings raised in my 2022 annual report. I raised two (2) audit findings. All the findings were addressed as indicated below;

3.1. Property, plant and equipment

The finding was addressed. The Board has now revalued its assets for the year 2022 financial year.

3.2. Fuel management

The finding was addressed. The fuel registers were updated.

Background Information

The Lotteries and Gaming Board was established in terms of the Lotteries and Gaming Act [*Chapter 10:26*]. The mandate of the Board includes regulating and controlling the development and operation of all lotteries and gaming activities, granting, renewing, transferring and terminating gaming licenses.

I have audited the financial statements of Lotteries and Gaming Board for the year ended December 31, 2022 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 Lotteries and Gaming Board as at December 31, 2022, and the 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", International Accounting Standard (IAS) 8- "Accounting Policies, Changes in Accounting Estimates and Errors" and International Accounting Standard IAS 29- "Financial Reporting in Hyperinflationary Economies"

During the prior and current financial year, foreign currency denominated transactions and balances of the Board were translated into ZWL$ using the auction rates. The auction rates used during the period of January 1, 2022 to December 31, 2022 did not meet the definition of spot exchange rate as per IAS 21- "The Effect of Changes in Foreign Exchange Rates" paragraph 8. The prior year financial statements were modified in respect of this matter and had not been restated to address the misstatement in terms of International Accounting Standard (IAS) 8 – "Accounting Policies, Changes in Accounting Estimates".

The Board had applied IAS 29 – "Financial Reporting in Hyperinflationary Economies on prior periods' financial information which was not in compliance with IAS 21- "The Effect of Changes in Foreign Exchange Rates". Had the correct base numbers been used, the prior period financial statements amounts would have been materially different. My opinion on the current period's financial statements is therefore modified because of the possible effects of the above matter on the comparability of the current period's figures and the corresponding figures.

I followed up on findings raised in my 2021 annual report and below is the status;

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

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

1.1. Board meetings

The finding was partially addressed. The Board engaged the appointing authority and the matter is being addressed.

1.2. Enterprise risk management framework

The finding was partially addressed. The Lotteries and Gaming Board has developed an Enterprise Risk Management Framework jointly with the Parent Ministry. However, the Board must now align its processes with the Enterprise Risk Management Framework.

Background Information

The Pig Industry Board was established in terms of the Pig Industry Act [*Chapter 18:15*]. The core functions of the Board are genetic improvement, research, promotion of production and marketing of pigs. The Board also undertakes training and extension activities to promote production of pigs.

I have audited the financial statements of Pig Industry Board 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 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 Pig Industry Board 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"

Opening balances

The opening balances for the 2019 financial period were reported as USD end of 2018 financial year and translated to ZWL$ on the rate 1:1 at the beginning 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 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 International Accounting Standard (IAS) 21 – "Effects of changes in foreign exchange rates". As a result, the misstatements on the prior year's income statement were carried forward in the current retained earnings balance. I could not determine the extent of adjustments necessary.

Opinion 2022

In my opinion, the financial statements present fairly, in all material respects, the financial position of Pig Industry Board 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).

I followed up on findings raised in my 2020 annual report and below is the status;

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 three (3) audit findings, two (2) were addressed and one (1) was not addressed as indicated below;

1.1. Audit committee

The finding was addressed. The Committee member is no longer a member of the Audit Committee. The Finance and Audit committee were split into the Finance Committee and the Audit Committee.

1.2. Internal audit

The finding was not addressed. The Board’s internal controls were not yet subjected to internal audit. As the organisation grows there are plans to establish an internal audit department.

1.3. Biological assets

The finding was addressed. The Board engaged a consultant to determine the fair value of the Biological assets.

TOBACCO INDUSTRY AND MARKETING BOARD (TIMB) 2022 AND 2023

Background Information

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

I have audited the financial statements of the Tobacco Industry and Marketing Board for the years ended December 31, 2022 and 2023 and I issued a Qualified Opinion for 2022 and unmodified /clean opinion for 2023.

Qualified Opinion 2022

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 Tobacco Industry and Marketing Board 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 2022

Non- compliance with International Financial Reporting Standard (IFRS) 13 – ‘‘Fair Value Measurement’’

The Board performed a revaluation of Land and Buildings as at December 31, 2022, including a fair valuation of its Investment Property. The Board engaged professional valuers to determine fair values, which was done in USD and translated to ZWL$ as at December 31, 2022 at the ZWL$/USD interbank exchange rate. Furthermore, the interbank exchange rate was used to translate the Board's USD transactions during the year. IFRS 13 defines fair value as the price that would be received to sell an asset in an orderly transaction between market participants at a measurement date. I was unable to obtain sufficient appropriate evidence to support the appropriateness of the application of the ZWL$/USD interbank exchange rate in the determination of the final ZWL$ fair valuations presented.

Opinion 2023

In my opinion, the financial statements present fairly, in all material respects, the financial position of Tobacco Industry and Marketing Board as at December 31, 2023 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 on findings raised in my 2021 and 2022 annual report and below is the status;

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

The Board did not make progress in addressing audit findings and recommendations raised in my 2021 and 2022 annual reports. I raised two (2) in my 2022 annual report and followed up on one (1) finding raised in my 2021 annual report. Two (2) findings were partially addressed and one (1) finding was not addressed as indicated below:

1.1. Special projects

The finding was partially addressed. Debt collection has been implemented through stop order deduction, use of messenger of court and field officer visits. However, those with significant balances have been handed over to the Board's lawyers.

1.2. Delivery of procured goods

The finding was partially addressed. The goods had not been delivered. USD10 000 had been recovered from the supplier. The remaining balance comprising of USD 40 500 and ZWL$ 1 700 000 is still outstanding.

1.3. 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 year ended December 31, 2023 and I issued an unmodified / clean opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Tobacco Research Board as at December 31, 2023, 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 signatories

Finding

The Board's internal controls over cash and bank were weak in that former employees were still signatories to the bank accounts of the Board.

Risk / Implication

Irregular transactions that may result in misappropriation of funds.

Recommendation

The Board should strengthen internal controls over cash and bank by immediately notifying the bank on changes of bank signatories.

Management response

This is duly noted, we confirm that the former employees were no longer with the Board.

1.2 Registration of motor vehicles

Finding

The Board had a new motor vehicle that was not registered and was not in use. The vehicle was delivered to the Board in December 2023 by the supplier. There is a legal dispute with the supplier and hence the vehicle has not been registered.

Risk / Implication

Parking a vehicle for extended periods of time can damage electronic systems and the battery.

Value for money on the purchase of motor vehicle may not be realised.

Recommendation

The board should pursue this issue through the legal route and ensue that the dispute is resolved amicably and the vehicle is registered.

Management response

We acknowledge that the vehicle has not been registered and has not yet been brought into use.

The Board entered into a contract with a vehicle supplier for the procurement of 10 single-cab trucks on October 25, 2022. The vehicle supplier was contractually obliged to deliver the vehicles within 8 weeks from the execution of said agreement, specifically on or before the December 12, 2022. The vehicle supplier only delivered the first batch of nine (9) vehicles on the May 24, 2023 which is way beyond the agreed delivery date resulting in Board invoking the penalty clause as per contract.

Background Information

Zimbabwe Boxing and Wrestling Control Board was established through the Zimbabwe Boxing and Wrestling Control Act [*Chapter 25:02*] of 1956.The mandate of the Zimbabwe National Boxing and Wrestling Control Board are to facilitate the advancement of boxing and wrestling in Zimbabwe through regulation and promoting of the sport**.**

I have audited the financial statements of the Zimbabwe National Boxing and Wrestling Control Board for the years ended December 31, 2020 and 2021.I issued a Qualified Opinion with a report to going concern for 2020 and an unmodified / clean opinion for 2021.

Opinion 2020

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 National Boxing and Wrestling Control Board as at December 31, 2020, and its financial performance and its cash flows for the year then ended in accordance with cash receipts and disbursements basis and other applicable accounting policies.

Basis for Qualified Opinion

Opening balances

The opening balances were not subjected to audit as a result I could not verify the opening accumulated fund at the beginning of the year. The opening balances for accumulated fund affected the determination of statement of financial position and cash flows, I was therefore, unable to determine whether any adjustments might have been necessary in respect of the balances for the year reported in the statement of financial position.

Opinion for 2021

In my opinion, the financial statements present fairly in all material respects of the financial position of Zimbabwe National Boxing and Wrestling Control Board as at December 31, 2021, and its financial performance and its cash flows for the year then ended in accordance with the cash receipts and disbursements basis and other applicable accounting policies.

Below are other material issues noted during the audit;

1. GOVERNANCE ISSUES

1.1 Bank reconciliations

Finding

The Board’s internal controls over cash and bank management were not adequate. The Board did not prepare bank reconciliations on a regular basis.

Risk / Implication

Fraud and error may go undetected.

Recommendation

The Board should consider strengthening its internal controls over cash and bank management.

The Board should perform bank reconciliations on regular basis.

Management response

Observation noted.

1.2 Procedure manuals

Finding

The Board did not have in place the accounting policies and procedures manual, Human Resources Manual and Procurement Policy. As a result, there were no established guidelines and protocols for all major principles, actions and decisions of the Board.

Risk / Implication

Inconsistent treatment of transactions.

Recommendation

The Board should consider establishing all the necessary policies to guide the Board on accountability of transactions and decision making.

Management response

Observation noted.

1.3 Alignment with the accounting framework

Finding

The Board did not have specific principles, bases, conventions rules and practices when preparing and presenting financial statements. Some accounts were accrued whilst some were on a cash basis. For instance, items of capital nature were expensed during the period under review.

Risk / Implication

Inconsistent treatment of transactions.

Recommendation

The Board should align with Zimbabwe financial reporting framework as they migrate fully to International Public Sector Accounting Standards.

Management response

Observation noted.

2. PROCUREMENT OF GOODS AND SERVICES

2.1 Procurement controls

Finding

The Board's internal controls over procurement of goods and services were not adequate as the Board used quotations as receipts or invoices for payments. In addition, the Board provided duplicated invoices for all the transactions, some payments were not approved by the Board's manager and Chief Executive Officer before being send for payment.

Risk / Implication

Financial loss due to fraud and error.

Recommendation

The Board's internal controls should be strengthened such that all the transactions made are approved by the relevant authority.

Management response

Observation noted.

PUBLIC ENTITIES UNDER THE CATEGORY OF COMMISSIONS

Background Information

The Forestry Commission was established in terms of the Forest Act [*Chapter 19:05*] and Communal land Forest Produce Act [*Chapter 19:04*]. 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.

I have audited the financial statements of Forestry Commission 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 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 Forestry 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 for Qualified Opinion

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

The Commission did not comply with the requirements of International Accounting Standard (IAS) 21 - "The Effects of Changes in Foreign Exchange Rates", as the Commission had foreign currency denominated transactions and balances that were translated into ZWL$ using the interbank exchange rates which was not considered appropriate spot rates for translations as defined by International Accounting Standard (IAS) 21 - "The Effects of Changes in Foreign Exchange Rates". The opinion on the prior year of the Commission's 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 International Accounting Standard (IAS) 21 – "The Effects of Changes in Foreign Exchange Rates" was 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.

In addition, the prior requirements of International Accounting Standard (IAS) 29 - "Financial Reporting in Hyperinflationary Economies" have been applied on numbers that did not comply with International Accounting Standard (IAS) 21 - "The Effects of Changes in Foreign Exchange rates". Had the correct base numbers been used, some elements of the financial statements would have been materially different.

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

The Commission did not review the useful lives of its assets in line with International Accounting Standard (IAS) 16 – "Property, Plant and Equipment" paragraph 51 which requires that the residual value and the useful life of an asset be reviewed at least at each financial year-end. In addition, the Commission did not carry out an impairment assessment for its assets in line with International Accounting Standard (IAS) 36 – "Impairment of Assets" despite of indicators of impairment noted on some of the assets. As a result, property, plant and equipment with a carrying amount of ZWL$190 million may be misstated in the financial statements. I therefore could not determine the extent of misstatement and the necessary adjustments.

iii. **Valuation and recognition of Library books**

The Commission did not recognise College library books in the financial statements. These books were being expensed upon purchase, contrary to International Accounting Standard (IAS) 16 – “Property, Plant and Equipment” paragraph 7, which requires items that meet the recognition criteria for an asset to be classified as property, plant and equipment to be capitalised. I therefore could not determine the extent of misstatement and the adjustments necessary.

iv. **Non-compliance with International Accounting Standard (IAS) 16 - “Property, Plant and Equipment”.**

The Commission disclosed land and buildings with a combined carrying amount of ZWL$25 million in the financial statements as at December 31, 2021. This value was determined after charging depreciation on the combined cost of land and buildings. This was contrary to International Accounting Standard 16 – "Property, Plant and Equipment," paragraph 58 which requires land not to be depreciated and to be accounted for separately from buildings even if they were acquired together. I therefore could not determine the extent of misstatement and the necessary adjustments.

Report on going concern

I draw your attention to fact that the Commission incurred a deficit of ZWL$378 million (2020: ZWL$297 million). As of that date, the Commission's current liabilities exceeded its current assets by ZWL$222 million. These conditions indicate that a material uncertainty exists that may cast significant doubt on the Commission's ability to continue as a going concern. My opinion is not modified in respect of this matter.

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 Forestry 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. **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 Commission did not comply with the requirements of IAS 21 - “The Effects of Changes in Foreign Exchange Rates”, as the Commission had foreign currency denominated transactions and balances that were translated into ZWL$ using the interbank exchange rates. These were not considered appropriate spot rates translations in line with the as requirements of 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 on the opening balances have not been corrected in line with IAS 8 - “Accounting Policies, Changes in Accounting Estimates and Errors”, some comparative figures in the financial statements may be materially misstated.

In addition, the requirements of IAS 29 - “Financial Reporting in Hyperinflationary Economies” have been applied on the base numbers that did not comply with IAS 21 - “The Effects of Changes in Foreign Exchange rates”. Had the correct base numbers been used, some elements of the financial statements would have been materially different.

ii. Non-compliance with International Accounting Standard (IAS) 36 - “Impairment of Assets” and International Accounting Standard (IAS) 16 - “Property, plant and equipment”.

The Commission did not review the useful lives of its assets in line with IAS 16 – “Property, plant and equipment” paragraph 51 which requires that the residual value and the useful life of assets be reviewed annually. In addition, the Commission did not carry out an impairment assessment for its assets in line with IAS 36 – “Impairment of Assets” paragraph 9 which requires an assessment to be done at the end of each reporting period for any indications of impairment. As a result, property, plant and equipment with a carrying amount of ZWL$249 million may be misstated in the financial statements. I therefore could not determine the extent of misstatement and the necessary adjustments.

iii. Valuation and recognition of Library books

The Commission did not recognize library books as property, plant and equipment in the financial statements. This was contrary to IAS 16 – “Property, plant and equipment” paragraph 7, which requires items that meet the recognition criteria for an asset to be classified as property, plant and equipment to be capitalized. I could not therefore determine the extent of misstatement and the adjustments necessary.

iv. Non-compliance with International Accounting Standard (IAS) 16 - “Property, Plant and Equipment”.

The Commission did not separate land and buildings with a carrying amount of ZWL$21 million in the financial statements. Therefore, land was depreciated as part of land and buildings. This was contrary to IAS 16 – "Property, plant and equipment” paragraph 58 which requires land not to be depreciated and to be accounted for separately from buildings even if they were acquired together. I could not therefore determine the extent of misstatement and the necessary adjustments.

Report on going concern

I draw your attention to the fact that the Commission 's current liabilities exceeded its current assets by ZWL$180 million. This condition indicates a material uncertainty exists, that may cast significant doubt on 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. Withholding tax

Finding

The Commission deducted 10% instead of 20% withholding tax on directors’ fees. This was a contravention of the Income Tax Act [*Chapter 23:06*].

Risk / Implication

Financial loss due to penalties that may be imposed.

Recommendation

Management should pay the outstanding tax obligation.

Management response

Observation noted, we have since implemented the audit recommendation from year 2023.

1.2. Alignment of accounting processes

Finding

The Commission had not aligned its processes with the International Financial Reporting Standards. As a result, the Commission did not review the useful lives of their assets in line with International Accounting Standards (IAS) 16 - 'Property, plant, and equipment. Some of the assets were fully depreciated but still in use and their useful life and residual life have not been reviewed.

In addition, the financial statements of the Commission for the year ended December 31, 2021, present a value of ZWL$ 8.5 million for land and buildings. This value includes depreciation charged on the cost of land and buildings. However, this was contrary to International Accounting Standard (IAS) 16 – "Property, plant and equipment," paragraph 58 which requires that land and buildings should be accounted for separately even though they were acquired together.

I also observed that the Commission was expensing library books upon purchase contrary International Accounting Standard (IAS) 16 – “Property, plant and equipment” paragraph 7 which requires items that meet the recognition criteria for an asset to be classified as property, plant and equipment to be capitalised.

Risk / Implication

Misstatement of financial statements.

Recommendation

The Commission should review the useful lives and residual values of Property, plant and equipment in line with the requirements of International Accounting Standard (IAS) 16 – “Property, plant, and equipment.”

Management response

Observation noted. The failure to conduct the exercise was largely due to financial constraints the Commission has been facing and the geographical spread of the Commission’s assets.

Noted, this will be included when we review the accounting procedure manual. Books are expensed on purchase.

1.3. Sustainability of service

Finding

The Commission faced financial constraints during the year under review which affected the Commission’s operations in the following ways.

- The Commission incurred a net loss of ZWL$ 299 million and its current liabilities exceeded its current assets by ZWL$ 260 million.

- Buildings were not being maintained.
- The Commission was not replacing its motor vehicles on time. As a result, Forestry College was operating with an aged fleet of fourteen (14) vehicles purchased more than twenty-five years ago. The aged fleet was in constant need of repairs as evidenced by vehicle repair and maintenance costs amounting to ZWL$1,1 million incurred during the year, with ten (10) vehicles grounded and needing major repairs.
- National Social Security Authority (NSSA) contributions and other statutory obligations such as Pay As You Earn (PAYE), Aids levy, and Pensions contributions were being remitted two to three months after the due date.

Risk / Implication

Service delivery by the Commission may be compromised.

Recommendation

The Commission should come up with robust strategies to generate more revenue for its sustenance.

Management response

Observation noted, this was as a result of incapacitation due to financial constraints.

1.4. Foreign trip

I was not availed with evidence to support that cabinet approvals were obtained for the foreign trip that management under took in June 2022.The total amount involved for the air tickets were USD2 770 and other related costs amounted to USD1 785.

Risk / Implication

Financial loss as a result of irregular expenditure.

Recommendation

The Commission should obtain cabinet approvals for all foreign trips.

Management response

Audit observation is noted. The Commission will ensure cabinet authorities for foreign trips are properly filed.

1.5. Statutory obligations

Finding

The Commission was not generating enough revenue to finance its operations. As a result, the Commission was not remitting PAYE and NSSA deductions on time, for instance June – September 2022 were all paid 3-6 months after due date.

Risk / Implication

Financial losses due to penalties and interests.

Recommendation

The Commission should consider alternative strategies to enhance its revenue.

Management response

Late payments of statutory obligations is largely as a result of financial challenges which have seen the Commission failing to meet its obligations as they fall due including employee salaries. The Commission will continue making efforts to improve its revenue base and also engage Treasury for funding support.

1.6. Bank reconciliations

Finding

The Commission was not performing bank reconciliations in a timely manner. There were instances where bank reconciliations were being conducted after a delay of 6 months. This was contrary to the Commission's accounting procedures manual, which requires bank reconciliation statements to be prepared on a monthly basis.

Risk / Implication

Fraud, errors and omissions may go undetected.

Recommendation

Bank reconciliations should be performed monthly in line with the Commission's accounting procedures manual.

Management response

We are working extremely hard to clear the backlog. As a long-term solution, we are now in the process of acquiring a new locally licensed accounting software. With the current one, we faced challenges in paying licenses to foreign suppliers.

1.7. Contract management

Finding

The Commission’s controls over lease management were not effective. As a result, there were ten (10) expired lease agreements out of eleven (11) for tenants occupying the building in Bulawayo. The lease agreement expired in 2020, however, the tenants were still using the building during the year 2021 and paying lease rentals based on the expired lease agreements.

Risk / Implication

Loss of revenue.

Recommendation

Management should maximise collection of revenue by regularly reviewing lease agreements.

Management response

Observation noted, the anomaly has since been rectified.

1.8. Segregation of duties

Finding

There was no segregation of duties between the officers receipting, custody and banking of cash receipts at one of the Commission's lodges, functions which are ordinarily performed by at least two (2) different officers.

Risk / Implication

Irregular transactions may go undetected.

Recommendation

There should be segregation of duties between the receipting, custody and banking of cash.

Management response

Observation noted. We will improve on the current segregation where the lodge administrator receipt and keeps the cash before banking by recruiting an Accounts Clerk.

2. REVENUE COLLECTION AND DEBT RECOVERY

2.1. Revenue management

Finding

The Commission was receipting its revenue manually. The stations were not connected to the main saver. This was contrary to the provisions of the Public Finance Management Regulation of 2019 sections 13 (2), and section 43 (1) which require public entities to acknowledge receipt of funds through electronic receipts or to use accounting packages to record revenue and expenditure.

Risk / Implication

Cash may be misappropriated.

Recommendation

The Commission should issue receipts electronically.

Management response

We had challenges with this accounting package as most of our stations are not connected to the main saver. We have since procured a cloud-based Enterprise Resource Planning with all stations linked to the main server to address the challenge.

3. PROCUREMENT OF GOODS AND SERVICES

3.1. Procurement Committee meetings

Finding

The stations were not recording minutes of procurement evaluation proceedings. This was contrary to the Public Procurement and Disposal of Public Assets Act *[Chapter 22:23]* which requires such proceedings to be recorded.

Risk / Implication

Irregular purchases may go undetected.

Recommendation

The procurement committee should conduct procurement committee meetings and document the minutes of these meetings on a regular basis to ensure that procedures are adhered to and acquisitions are done to the best advantage of the Commission.

Management response

Observation noted. It was an oversight and we are going improve on that and have minuted procurement meetings before engaging suppliers.

4. EMPLOYMENT ISSUES

4.1. Salary advance

The Commission had no salary advance policy to guide staff on the issuance of salary advances to its employees. As a result, there were no proper guidance on how salary advance was to be treated, for instance, the amount to be issued, the period of recovery and the levels of approvals.

Risk / Implication

Financial loss due to management overriding controls.

Recommendation

The Commission should ensure that a salary advance policy is put in place.

Management response

Observation noted. Management will start working on the recommendation with a view to coming up with a policy to regulate the issuing and recovery of salary advances. Through practice, employees with justifiable family challenges apply for salary advances that Management checks and approves. Recovery of the advance is strictly done in the subsequent or following month.

4.2. Loan benefit

Finding

The Commission was giving various loans to its employees during the period under review at an interest rate of five percent (5%) per annum without recognising a tax benefit. This was contrary to the Income Tax Act [*Chapter 23:*06] Section 8 which requires such benefits to be taxed.

Risk / Implication

Financial loss due to penalties and fines that may be imposed on the Commission for noncompliance.

Recommendation

Loan benefit should be taxed in line with the provisions of Income Tax Act [*Chapter 23:06*].

Management response

Observation is noted. We have since engaged the payroll service provider to assist with the necessary configurations.

4.3. Engagement of contract employees

Finding

The Commission confirmed contract employees as permanent staff in 2022. However, there were no records to support that Divisional managers had requested permanent positions to be filled in except for just a recommendation for these contract workers to be permanent. There were no internal adverts for the vacancies.

Risk / Implication

Irregular appointments.

Recommendation

Management should review the Human Resource policies and include updated guidelines on promotions.

Management response

Audit observation is duly noted and every effort shall be made to ensure that there is a supporting framework for confirmation of contract workers identified to have some potential to be employed on indefinite contract basis and to ensure maximum transparency in the recruitment process.

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

The Commission made progress in addressing audit findings raised in my 2019 and 2022 annual reports. I raised two (2) findings in my 2022 annual report and followed up on one (1) finding outstanding in my 2019 annual report. One (1) finding was addressed while the other two (2) were not addressed as indicated below;

5.1. Submission of financial statements

The finding was not addressed. The Commission submitted the 2021 and 2022 well after the statutory deadline.

5.2. Board attendance

The finding was addressed. Board attendance has significantly improved.

5.3. Medical Aid scheme

The finding was not addressed**.** There was no evidence to support that the Commission's payment for medical expenses on behalf of its staff members had been approved by the Board.

Background Information

The Health Service Commission was established in terms of the Health Services Act [*Chapter 15:16*]. Its core function is to manage and provide the appropriate working environment, and conditions of service for medical staff working in Public Health Institutions.

I have audited the financial statements for Health Service 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 Health Service 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 Fuel reconciliation

Finding

There was no evidence to support that fuel reconciliations were being prepared on time to confirm the fuel stock position. Variances of 380 litres (100 litres petrol and 280 litres diesel) were noted between fuel received and fuel recorded in the fuel stock sheets. This was contrary to the Commission's accounting procedure manual as well as Section 104 (1) of the Public Finance Management [Treasury Instructions] of 2019 which requires preparation of fuel reconciliations.

Risk / Implication

Misappropriation of fuel.

Recommendation

The Commission should prepare fuel reconciliations on time.

Management response

The 100 litres variance was issued out on the day of receipt of fuel and erroneously not recorded. On the 280 litres diesel variance noted, 200 litres was recorded as petrol in error leaving an 80 litres balance. Further investigations were carried out on the 100 litres of January 25, 2022 and the 80 litres diesel of September 21, 2022. Investigations revealed that the Officer who was responsible for fuel had made some recording mistakes and we requested him to reimburse the 100 litres that was unaccounted for. Further investigations failed to get the actual cause of the 80 litres difference. However, we have since tightened our internal controls on fuel management to ensure zero variances going forward.

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, 2023 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 Pension Commission as at December 31, 2023, and its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards (IPSASs).

Below are material issues noted during the audit;

1. REVENUE COLLECTION AND DEBT RECOVERY

1.1 Debt collection

Finding

The Commission's internal controls over debt management were inadequate. As a result, the Commission had long outstanding trade receivables amounting to ZWL$2.56 million which were over 365 days as at December 31, 2023. I was not availed evidence in the form of letters of demand that follow-up of debts was conducted.

Risk / Implication

Recoverability of long outstanding debtors may be doubtful.

Potential loss of revenue.

Recommendation

Concerted effort should be made to recover the outstanding debts

Management should update and implement clear and documented procedures for following up on outstanding debts.

Management response

Management in its efforts to issue letters of demand noted challenges with contact details of regulated entities in particular loss assessors. A process has been commenced for the entities to re-register as part of our efforts to update the register. Receivables ageing is undertaken monthly and updated for follow-ups done.

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

The Commission made progress in addressing audit findings that I raised in my 2022 annual report. I raised one (1) audit finding and it was partially addressed as indicated below;

2.1 Internal audit

The finding was partially addressed. There was no head of internal audit on December 2023. The head was recruited in 2024 and commenced work in February 2024.

Background Information

The National Competitiveness Commission was established 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, 2022 and I issued an unmodified / clean opinion with a report on going concern.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of National Competitiveness 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).

Report on going concern

I draw your attention to the fact that the Commission had a net current liability position of ZWL$116.4 million as at December 31, 2022. This condition indicates the existence of a material uncertainty that may cast significant doubt into the Commission'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. Board composition

Finding

The Commission had no substantive Board chairperson since November 2019 following the resignation of the Board Chairperson and two Board members. This was contrary to the provisions of the National Competitiveness Commission Act [*Chapter 14:36*] and Section 11 (11) (b) of the Public Entities Corporate Governance Act [*Chapter 10:31*], which requires the appointing Authority to fill vacancies when they arise.

Risk/ Implication

Oversight over the Commission's operations may be compromised.

Recommendation

The Commission should follow up with the appointing authority on the filling of vacant posts.

Management response

The observation is noted. The Commission wrote to the Ministry of Industry and Commerce asking for the Honourable Minister to appoint a Board Chairman and two additional Board members. Furthermore, as a Commission we have also written to the Ministry to meet with the Minister as per the statutory requirement, we are currently waiting for their response.

2. PROCUREMENT OF GOODS AND SERVICES

2.1. Procurement process

Finding

The Commission's procurement function was not adequately resourced in line with the requirements of the Public Procurement and Disposal of Public Assets Act [*Chapter 22:23*]. As a result, there was no evidence that at least three (3) quotations were being sought and comparative schedule analysis performed on the procurement of goods and services. In addition, I was not availed with service level agreements on recurring services.

Risk / Implication

Financial loss due to uneconomic purchases.

Recommendation

The Commission should ensure that all procurements are adequately supported.

The Commission should align its procurement function to the requirements of the Public Procurement and Disposal of Public Assets Act [*Chapter 22:23*].

Management response

The observations are noted. The Commission operated in 2021 without the Procurement Management Unit (PMU) where Administration was responsible for procurement. However, PMU was established and registered with PRAZ beginning 2022. Adequate documentation and proper procurement procedures are now being sourced and followed accordingly.

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

The Commission has 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 whilst the other one was partially addressed as indicated below;

3.1. Policy documents

The finding was partially addressed. The Commission started developing sixteen (16) out of the eighteen (18) policies in 2021 and two (2) policies were approved by the Board.

3.2. Alignment of accounting process to new developments

The finding was addressed. The accounting and procedures manual has been reviewed to include guidance on accounting for leases.

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, 2023 and I issued an unmodified / clean opinion with a material uncertainty related to the going concern.

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, 2023 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Report on going concern

I draw your attention to the fact that the Commission experienced cash flow difficulties despite recording a surplus of ZWL$ 2 billion (2022: ZWL$ 256.4 million). As at December 31, 2023, the Commission's current liabilities exceeded its current assets by ZWL$ 242. 7million (2022: ZWL$ 168. 5million). 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 material issues noted during the audit;

1. GOVERNANCE ISSUES

1.1. System configuration

The Commission's accounting system could not configure the user profiles for the Finance Manager whose role was to review and authorise transactions posted by the Accountants as prescribed by the Commission's Finance policy. As a result, the Finance Manager was granted the Admin role under the identity (ID) named "Admin", whose identity had no audit trail of posting journals to the system. Inspection of the journals revealed imbalances as indicated in the Table below per user ID.

Role	User ID	Number of records	Balance ZWL$
Finance Manager	Admin	2 895	(140 755 215)
Finance Manager	Finance Manager	1 621	-
Revenue Accountant	Revenue Accountant	6 328	(68 339 287)
Accounts assistant	Accounts assistant	3 078	5 215 080 886
Revenue accountant	Revenue accountant	10 387	(5 005 986 384)

Risk / Implication

Irregular transactions may be processed.

Recommendation

Management should engage the service provider to address the system deficiencies.

Management response

Audit observation is noted. The Admin Profile is a built-in SAGE profile that was assigned to the Finance Manager who is the only one using the profile because of challenges faced with his profile. This will be resolved by 30 March 2024. Only profiles with specific user names will be used. User roles will be adjusted to allow segregation of duties.

Please take note that the journal must be balanced to enable processing in the system. This is a necessary step to ensure that the journal is correctly processed and accounted for in our records. The variances per user ID arise from the system report and seem to arise from foreign currency translation journals which is a system-generated month-end journal. The Consultants will be engaged by the end of April 2024 to address the report anomaly.

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

The Commission did not make progress in addressing audit findings raised in my 2021 and 2022 annual report. I raised one (1) finding in my 2022 annual report and followed up on one (1) finding outstanding in my 2021 annual report. All the two (2) findings were not addressed as indicated below;

2.1. Staff costs to revenue ratio

The finding was not addressed. Although they reduced the ratio to 60%, the Commission had still incurred a deficit.

2.2. Alignment of Board structures

The finding was not 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.

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 years ended December 31, 2022 and 2023. I issued a Qualified Opinion for 2022 and an unmodified / clean opinion for 2023.

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, the financial position of Sports and Recreation 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

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

The opening balances for 2019 financial period were reported as USD at the end of 2018 financial year and 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 SI 33/19. This constituted a departure from the requirements of IAS 21- "The Effect 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.

Opinion 2023

In my opinion the financial statements present fairly, in all material respects, the financial position of Sports and Recreation Commission as at December 31, 2023 and 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 audit;

1. GOVERNANCE ISSUES

1.1. Policies and procedure manuals

Finding

The Commission operated without key policies during the year 2023 such as the donations, Information Technology and Investment policy. This was contrary to the requirements of Section 44 (1) (a) of the Public Finance Management Act [*Chapter 22:19*] which requires that a public entity shall ensure that it establishes and maintains effective, efficient, and transparent systems of financial, risk management and internal controls.

Risk / Implication

Inconsistencies on policy implementation.

Recommendation

The Commission should expedite development of the key operational policies in line with the requirements of Public Finance Management Act [*Chapter 22:19*].

Management response

Audit observation noted, in principle polices need to be crafted to address the areas of investments, donations and Information Communication and Technology policy. Information Communication and Technology Consultants were engaged and produced a report with recommendations on reorganising the entire Information Communication and Technology architecture of SRC and supporting policies. The Investments Policy, Donations Policy and IT Policy will be developed within Q3 of 2024 and rolled out.

1.2. Allowances paid to directors

Finding

The Commission processed director's benefits amounting to ZWL$1.2 billion which included housing allowance, school fees allowance and entertainment allowance outside the payroll. As a result, the benefits were not subjected to Pay As You Earn in line with section 8 (1) f of Income Tax Act [*Chapter 23:06*] which requires benefits gained form employment to be subjected to tax.

Risk / Implication

Financial loss as penalties and fines may be levied on the Commission.

Recommendation

All benefits paid to staff members including directors should be subjected to Pay As You Earn taxed in compliance with the tax regulations.

Management response

The point raised by External Audit is noted. We acknowledge that the benefits accrued and/or paid are taxable. However, the Commission does not currently have the capacity to do so. As revenue streams are diversified and increased, this will be reviewed on an ongoing basis.

Background Information

The 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 governing bodies of Local Authorities.

I have audited the financial statements of the Zimbabwe Electoral Commission 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 Zimbabwe Electoral 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

Non-compliance with International Accounting Standard (IAS) - "Property, plant and equipment" and International Accounting Standard (IAS) 36 - "Impairment of assets"

The prior year financial statements did not comply with requirements of International Accounting Standard (IAS) 16 – "Property, plant and equipment" paragraph 51 which requires the Commission to review the residual values and useful lives of assets at the end of each financial year end and International Accounting Standard (IAS) 36 – "Impairment of assets" paragraph 9 which requires the Commission to assess and test for impairment as indicators existed at the end of the reporting period. The opening balances were not adjusted to resolve this matter. I was therefore unable to verify whether the property, plant and equipment carrying amount was not materially misstated.

Below are other material issues noted during the audit;

1. GOVERNANCE ISSUES

1.1 Alignment of governance processes

Finding

The Commission's Audit and Risk Committee had no members with accounting and financial expertise. In addition, the audit committee was combined with the risk management committee contrary to sections 92 and 94 of the First Schedule of the Public Entities Corporate Governance Act [*Chapter 10:31*] which requires every public entity to have essential committees which include Audit Committee, Risk Committee, Dispute Resolution Committee and Remuneration Committee.

Risk / Implication

Oversight role may be compromised.

Recommendation

Management should consider engaging the appointing authority to ensure the committees are properly constituted.

Risk and Audit Committee should be reconstituted and separated in line with Sections 92 and 94 of the First Schedule of the Public Entities Corporate Governance Act [*Chapter 10:31*]

Management response

The observation on the composition of the Audit and risk committee has been noted. A proposal will be forwarded to the full Commission for consideration and implementation for compliance. The issue of separating the Risk Management Committee from the Audit and Risk Committee will be considered by the full Commission.

1.2 Policy documents

Finding

The Commission had no key policy documents to regulate its operations. Policies covering risk management, procurement, information technology and whistle blowing were not in place. In addition, the accounting procedures manual was not reviewed since 2012 to take into account changes in the accounting standards and economic developments (such as use of mobile money, online banking).

Risk / Implication

Inconsistencies on processing of transactions.

Recommendation

Management should expedite finalization of the policies and ensure all relevant policies are in place.

Management response

The risk management policy is at draft stage. The procurement policy is at consultative stage and if all things are equal the policy will be in place by year end. The information and technology policy is at approval stage. The Whistle blowing policy will be put into consideration by management. Management has planned to finalise the Finance and Administration Manual by year end.

1.3 Alignment of accounting processes to reporting framework

Finding

The Commission had not aligned its accounting processes to the requirements of the reporting framework. At the reporting date, management had not taken any action towards assessment of useful lives of assets as required by International Accounting Standard (IAS) 16 – “Property, plant and equipment paragraph 51 which requires review of residual value and useful lives of assets at least at each financial year-end. In addition, there was no evidence of assessment of impairment of assets in line with requirements of International Accounting Standard (36) – “Impairment of Assets”.

Risk / Implication

Misstatement of financial statements.

Recommendation

The Commission should consider incorporating in its year end procedures the review of the residual values and the useful lives assets at least at each financial year-end.

Management response

The observation is noted. The Commission has embarked on a process to dispose all obsolete, dilapidated and unserviceable assets with effect from 2023 and the exercise is expected to spread 2024. The exercise was delayed in prior years by COVID 19 and subsequently electoral activities such delimitation, voter registration and harmonized elections which substantially covered the whole of 2022 and three quarters of 2023.

2. PROGRESS TOWARDS ADDRESSING PRIOR YEAR AUDIT FINDINGS ANDIMPLEMENTATION OF RECOMMENDATIONS

The Commission made progress in addressing audit findings raised in my 2021 and 2022 annual reports. I raised three (3) findings in my 2022 annual report and followed up on one (1) finding which was outstanding from my 2021 annual report. Three (3) findings were addressed while one (1) finding was not addressed as indicated below;

2.1 Creditors reconciliations

The finding was addressed. Creditors reconciliations are now being prepared monthly.

2.2 Service level agreements

The finding was addressed. All the tenants at Knight Frank were given notices to vacate.

2.3 Board of inquiry

The finding was addressed. Boards of inquiry were conducted, concluded and determinations made.

2.4 Ownership of properties

The finding was not addressed. The Commission has not yet provided the supporting documentation for 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, 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 Zimbabwe Media 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

Non-compliance with International Accounting Standard (IAS) 36 - "Impairment of assets"

The Commission did not carry out an impairment assessment for its assets during the year ended December 31, 2022. This was contrary to the requirements of International Accounting Standard (IAS) 36 – "Impairment of assets" paragraph 9 which requires that impairment assessment of assets be carried out annually and if indicators of impairment exists, the recoverable amount of the affected assets should be estimated. Had an impairment assessment been carried out, the carrying amount of property, plant and equipment would have been adjusted for impairment loss.

Below are other material issues noted during the audit;

1. GOVERNANCE ISSUES

1.1. Impairment of assets

Finding

The Commission did not carry out an annual impairment assessment of its assets in accordance with International Accounting Standard (IAS) 36- "Impairment of Assets". This was contrary to the requirements of IAS 36- "Impairment of Assets" paragraph 9 which requires that impairment assessment of assets be carried out annually and if it exists, the recoverable amount of the affected assets should be estimated.

Risk / Implication

Misstatement of financial statements.

Recommendation

Management should carry out an annual impairment assessment as per the requirements of IAS 36- "Impairment of Assets".

Management response

The Administration Unit of the Commission carries out a continuous assessment of all the assets of the Commission those which are obsolete, impaired, damaged or surplus to requirement are brought to the Disposal Committee which determines the appropriate action to take. Experts are hired after every 24 months to carry out a professional valuation of the assets.

1.2. Submission of financial statements

Finding

The Commission submitted the 2022 financial statements on August 17, 2023 which is five months after statutory deadline. This was contrary to the requirements of the Public Finance Management Act *[Chapter 22:19]* Section 49 (1) c which require public entities to submit for audit the financial statements within sixty (60) days following the financial year end.

Risk / Implication

Timely decisions by stakeholder based on financial statements may be affected.

Recommendation

The Commission should submit financial statements within sixty (60) days following financial year end in line with Public Finance Management Act *[Chapter 22:19].*

Management response

Changes in key Finance staff in 2021 caused late submission of 2019, 2020 and 2021 financial statements. We take note of the provisions of the law and our 2023 financial statements will be submitted in time.

1.3. Board Charter

Finding

The Commission was operating without a Board Charter contrary to the requirement of section 26 of Public Entities Corporate Governance Act [*Chapter 10: 31*], section 26 (2) (a) which requires every public entity to prepare a board Charter.

Risk / Implication

Oversight role may be compromised.

Recommendation

The Commission should develop a Board Charter and be approved by line Ministry as per requirement of Public Entities Corporate Governance Act [*Chapter 10: 31*].

Management response

The Commission is working on establishing a Board Charter, a draft is already in place awaiting adoption by the Board of Commissioners.

1.4. Board Committees

Finding

The Commission was operating without a Risk committee as a standalone Committee. This was contrary to the requirements of the Public Entities Corporate Governance Act [*Chapter 10:31*] section 92 which requires a standalone Risk Committee at Board level.

Risk / Implication

Oversight role may be compromised.

Recommendation

The Commission should establish a Risk Committee in line with the requirement of Public Entities Corporate Governance Act [*Chapter 10:31*].

Management response

Commission will have the Risk Management Committee in 2023, currently the Integrity Committee is seized with issues to do with risk management.

1.5. Bank reconciliations

Finding

The bank reconciliations for the Commission for the month of March to December 2022 were not reviewed by the Executive Secretary. This was contrary to Commission's Accounting Standard operating procedures section 3.2.1.1 (iv) which requires review of bank reconciliation by the Executive Secretary.

Risk / Implication

Errors and/ or omission might go undetected.

Recommendation

Bank reconciliations should be reviewed at the appropriate level in line with the Accounting Standard operating procedures.

Management response

The Office in which the bank reconciliations were stored could not be accessed. The office was opened in 2023 and all the bank reconciliations for the year were reviewed by the Executive Secretary.

2. PROCUREMENT OF GOODS AND SERVICES

2.1. Contract management

Finding

The Commission entered into contract for the procurement of seven (7) Toyota Hilux GD 6 and two (2) Fortuners for a total price of ZWL$205.5 million. The agreed delivery period was eight (8) weeks. However, the supplier delivered three (3) and there were six (6) motor vehicles which were yet to be delivered.

Risk / Implication

Financial loss due to non-delivery of moto vehicles that may compromise service delivery.

Recommendation

Management should make follow up with supplier to receive outstanding vehicles.

Management should strengthen their procurement processes to prevent recurrence of none delivery on time.

Management response

The outstanding vehicles are yet to be delivered by the supplier. The supplier has already submitted the Bills of Entry of the outstanding vehicles which are awaiting duty payment. The delivery of the vehicles delayed due a Toyota vehicle plant in South Africa being affected by floods hence the supplier had to shift the source of importing the vehicles which has delayed the delivery of the vehicles as well. The supplier also indicated that the foreign currency allocation was received in small batches and it took time to fund one vehicle as the company also had other customers whom they were supposed to supply the same vehicles.

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

The Commission made progress in addressing audit findings raised in my 2022 annual report. I raised three (3) audit findings and one (1) finding was addressed while the other two (2) findings were not addressed as indicated below;

3.1. Composition of the Audit Committee

The finding was not addressed. The Audit Committee still had no member with accounting and financial background.

3.2. Whistle blower policy

The finding was not addressed. The Commission had no Whistle blower policy as it was still at draft stage waiting for approval by the Board.

3.3. Acquittal of travel and subsistence allowances

The finding was addressed. The travel and subsistence advance are now acquitted on time.

PUBLIC ENTITIES UNDER THE CATEGORY OF COMPANIES AND CORPORATIONS

Background Information

AFC Holdings Limited is a Company incorporated in terms of the Companies and Other Business Entities Act [*Chapter 24:31*] and together with its subsidiaries, provide a wide range of banking and related financial services in Zimbabwe.

I have audited the financial statements of AFC Holdings (Private) Limited for the year ended December 31, 2023 and I issued an unmodified / clean opinion.

Opinion

In my opinion, the consolidated financial statements present fairly, in all material respects, the financial position of AFC Holdings Limited as at December 31, 2023, 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 Transfer pricing document

The Group developed a transfer pricing policy as of December 31, 2023, however, the document had not been reviewed or approved. According to SI 109 of 2019, it is a requirement for taxpayers engaging in related party transactions to have a transfer pricing policy to demonstrate that transactions are conducted at arm's length. The transfer pricing document should be updated and submitted to ZIMRA annually.

Risk / Implication

Non-compliance with laws and regulations may result in fines and charges.

Recommendation

The Bank should prioritize reviewing and approving the transfer pricing document.

The Bank should ensure the timely submission of the transfer pricing document to ZIMRA.

Management response

The Group management fees framework is a significant part of the transfer pricing document. Deliberations are ongoing in respect of the management fees model that is both tax efficient and sustainable. The Transfer Pricing document will be finalised when an agreement is in place on the most suitable management fees model.

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 (Private) Limited for the year ended December 31, 2023 and I issued an unmodified / clean opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of AFC Leasing Company of Zimbabwe (Private) Limited as at December 31, 2023, 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 Agriculture equipment variances

Finding

There were variances between agricultural equipment that was physically verified during the audit and the agriculture equipment recorded in the asset register for the period under review. Details of the anomalies are further highlighted in the table below:

Asset class	Number as per verification exercise	Number as per asset register	Variance
Disc plough	114	202	(88) could not be verified
Combine headers	83	93	(10) could not be verified
Rippers	16	11	5 were not recorded in the register.

Risk / Implication

Misappropriation of assets.

Recommendation

The asset register should be updated and the assets on the ground should match assets in the asset register.

Management response

Noted, the variance for the combine headers and rippers are currently being looked at by the Operations Team and a follow up visit to identify and tag them will be conducted thereafter. The location of the combine harvesters has been circulated and the Finance and Assets Team are going to be going around identifying them and tagging them from March 14, 2024. The location for the disc ploughs have been identified and a follow up visit will be conducted to identify and tag them.

1.2 Deployment of farming implements

Finding

The Company deployed farming implements to farmers before payment contrary to the requirements of section 8 of its standard operating procedures**.** As at year end, there was an outstanding receivable amounting to ZWL$2.3 billion.

Risk / Implication

Service delivery may be compromised due to insufficient funds.

Recommendation

Management should recover all outstanding receivables and they should comply with section 8 of the standard operating procedures**.**

Management response

The need to recover all outstanding receivables cannot be overemphasized. This is noted. The nature of our business, not all jobs are paid using upfront payments since we accept product and stop orders.

Of the ZWL$ 2.3 billion we have recovered ZWL$768 million and USD336.5 thousand from the legacy date from September 2023.

Management is now requesting 30% upfront from its segmented customers. Contracts agreements have been reviewed and are now water tight to improve recovery prospects.

1.3 Equipment hire agreements

Finding

The Company entered into contracts with various farmers for hire of farming equipment during the year ended December 31, 2023. Out of a sample of the twenty (20) contracts reviewed, I noted that sixteen (16) equipment hire agreements were not signed on behalf of the Company. They were only signed by the customer. In addition, some contracts did not indicate the service to be offered and the related amounts.

Risk / Implication

Irregular contracts may not be detected on time.

Recommendation

The Company should ensure that all equipment hire agreements are signed by both parties and provide details of services to be offered and the related amounts.

Management response

Management will ensure all contracts are signed by both the customer and Company representative.

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

The Company made progress in addressing the audit findings and recommendations raised in my 2022 annual report. I raised two (2) audit findings and all were addressed as indicated below;

2.1 Internal controls over revenue

The finding was addressed. The Company adopted use of serialised quotation books and invoice books. Customers were signing off the job upon completion of the service.

2.2 Bank reconciliations

The finding was addressed. Bank reconciliations were being prepared on a monthly basis.

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 years ended December 31, 2020 and 2021 and I issued an Adverse Opinion for 2020 and an unmodified / clean opinion for 2021.

Adverse Opinion 2020

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 Air Zimbabwe (Private) Limited 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 2020

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

As at the beginning of the year ended December 31, 2020, Air Zimbabwe's opening balances were not agreeing to the prior year financial statement balances. Management could not provide a justification or correction for the variances in the opening balances amounting to USD$4.89 million. 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. The prior year financial statements were modified in respect of this matter.

ii. Existence, completeness and valuation of inventory

During the year ended December 31, 2020, inventory amounting to USD$14.4 million was recognised in the financial statements. An inventory count was not performed as at December 31, 2020. 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. The prior year financial statements were modified in respect of this matter.

Report on the going concern

I draw your attention to the fact that Air Zimbabwe incurred a net loss of USD11.1 million (2019: USD15.3 million). The accumulated losses of USD417.4 million have been recognised to date and that the Company's current liabilities exceeded its total assets by USD358.2 million. In addition, there is a contingent liability amounting to approximately USD39 million arising from claims being done over the ownership of ZWPN Airbus A320.These conditions indicated uncertainties which cast significant doubt on the Company's ability to continue as a going concern. My opinion was not modified in respect of this matter.

Opinion 2021

In my opinion, the financial statements present fairly, in all material respects, the financial position of Air 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).

Report on the going concern

I draw your attention to the fact that Air Zimbabwe had an accumulated losses amounting to USD115.1 million (2020: USD417.4 million) recognised to date and that the Company's current liabilities exceeded its total assets by USD45.3 million (2020: USD358.2 million). In addition, there was a contingent liability amounting to approximately USD39 million arising from claims being done over the ownership of ZWPN Airbus A320.These conditions indicated uncertainties which cast significant doubt on the Company's ability to continue as a going concern. My opinion was not modified in respect of this matter.

Below are other material issues noted during the audit;

1. GOVERNANCE ISSUES

1.1. Inventory

Finding

The controls over inventory were weak in that, the Company was not performing reconciliations between the system inventory and physical inventory items. In addition, inventory count was not done at year end.

Risk / Implication

Misstatement of financial statements.

Recommendation

Management should count and reconcile inventory regularly.

Management response

The 2020 stock count could not be carried out because of national restrictions related to social distancing and the number of people required within confined/closed spaces due to the global pandemic of COVID19. Air Zimbabwe requires 65 personnel working in close proximity for a period of 3 months. From 2021 all stock counts are being carried out.

1.2. Travel and subsistence allowances policy

Finding

The Company had no policy covering cash advances and duty travel allowances given to employees. As a result, there were instances where staff members took several months to hand over claim forms with supporting receipts on the use of their cash advances and duty travel allowances.

Risk / Implication

Fraud and error might go undetected.

Recommendation

Management should come up with a policy on travel and subsistence allowances.

Management response

Observation noted and written policy to be formulated.

1.3. Lease agreements

Finding

The Company did not have lease agreements for its sixteen (16) properties being leased out. As a result, some tenants were not paying rentals for occupying the Company's properties and the rentals being charged were below market rates.

Risk / Implication

Lost revenue from unpaid rent.

No legal recourse in event of disputes.

Recommendation

The Company should regularize the lease arrangements.

Management response

Those who were occupying properties without lease agreements were evicted and lease agreements for all properties are being updated.

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

The Company made progress in addressing audit findings raised in my 2020 and 2022 annual reports. I raised three (3) audit findings in my 2022 report and followed up on three (3) audit findings that were outstanding from the 2020 annual report. Three (3) findings were addressed while two (2) findings were partially addressed and one (1) finding was not addressed as indicated below;

2.1. Key vacant posts

The finding was partially addressed. Seven key posts were filled. The recruitment of other key vacant posts commenced in March 2023.

2.2. Supporting documentation

The finding was addressed. Management submitted all the information and schedules to the auditors.

2.3. Internal audit function

The finding was addressed. Two (2) internal auditors were engaged to carry out the internal audit function.

2.4. Creditors reconciliations

The finding was addressed. The variances were resolved.

2.5. Suspense balance

The finding was not addressed. The variances have not yet been corrected.

2.6. Bank reconciliations

The finding was partially addressed. The Bank reconciliations were still not being prepared on time. However, the Company introduced SAP S4 Hana software package to address the issue and migration to SAP S4 Hana was still ongoing as of May 2024.

Background Information

Allied Timbers Zimbabwe (Private) Limited was established in terms of Companies and Other Business Entities Act [*Chapter 24:31*]. The Company is involved in plantation development and harvesting, processing, marketing and selling of pine and gum timber.

I have audited the consolidated financial statements of the Allied Timbers Zimbabwe (Private) Limited for the year ended December 31, 2022 and I issued a Qualified Opinion.

Qualified Opinion on 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 consolidated financial statements present fairly, in all material respects, the financial position of the Allied Timbers Zimbabwe (Private) Limited 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 of Qualified Opinion

Valuation of biological assets and property, plant and equipment

The Group revalued its biological assets and property, plant and equipment as at December 31, 2022 in USD. Fair value gains on biological assets and revaluation surplus on property plant and equipment were recognised as ZWL$ 59 billion and ZWL$ 17.8 billion respectively. The Group translated the USD values to ZWL$ using the interbank exchange rate contrary to the requirements of International Financial Reporting Standard (IFRS) 13 - "Fair value measurement" paragraph 2 which 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. In the current environment, it is not likely that the ZWL$ price derived from translating the USD value at the 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 biological assets and property, plant and equipment were appropriate in these circumstances.

Below are other material issues noted during the audit;

1. GOVERNANCE ISSUES

1.1 Training of staff

Finding

The Company's accounting clerks were not trained sufficiently to process accurately accounting transactions. As result, the Company processed material revenue adjustments amounting to ZWL$ 30.8 billion to address errors that were noted.

Risk / Implication

Fraud and error may go undetected.

Recommendation

Management should provide adequate training to its staff.

Management response

Management will ensure that invoicing clerks are trained to minimize errors.

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 four (4) audit findings, two (2) were addressed, one (1) was partially addressed and one (1) was not addressed as indicated below;

2.1. Reforestation drive by the Company

The finding was addressed. The Company managed to meet its planting budget for 2022.

2.2. Contract milling obligations

The finding was not addressed. Those who failed to meet their planting targets were requested to carry over the balance into 2022 and fulfil their contractual obligations.

2.3. Contract management

The finding was addressed. Contracts were put in place.

2.4. Occupation of the company's estates

The finding was partially addressed. The Company continues to engage all the stakeholders involved, this includes the parent Ministry and Forestry Commission.

Background Information

Chemplex Corporation Limited is a fertilizer manufacturing Company which was established in terms of the Companies and Other Business Entities Act [*Chapter 24.31*]. The Company mines and beneficiates phosphate rock which is used in the manufacture of fertilizers. The Company also manufactures sulphuric acid and other industrial chemicals. The Corporation has six (6) companies namely ZimPhos, Dorowa, Chemplex Marketing, Chemplex Animal and Public Health, GD Haulage and G and W Industrial Minerals.

I have audited the financial statements of Chemplex Corporation Limited and its subsidiaries 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 consolidated financial statements present fairly in all material respects, the financial position of Chemplex Corporation limited 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. **Non-Compliance with International Accounting Standards (IAS) 21- "The Effects of Changes in Foreign Exchange Rates' in prior financial years**.

An Adverse Opinion was issued on the consolidated financial statements for the year ended December 31, 2021.This was due to the use of foreign currency exchange rates that were not considered to be appropriate spot rate for translation of foreign currency denominated transactions and balance, as required by IAS 21 - "The Effects of Changes in Foreign Exchange Rates" and its effects on the hyperinflationary adjustments made in terms of IAS 29-"Financial Reporting in Hyperinflationary Economies".

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 consolidated financial statements in accordance with IAS 8 - "Accounting Policies, Changes in Accounting Estimates and Errors", the retained earnings as at December 31, 2022 may contain misstatements. As a result, my opinion on the current year consolidated financial statements is modified because of the possible residual effect of the non-compliance with IAS 21- "The Effects of Changes in Foreign Exchange Rates" and the comparability of the current period's figures to that of the comparative period. The effects of this non-compliance were considered material but not pervasive to the financial statements.

ii. **Inclusion of the unaudited financial statements of Sable Chemical Industries Limited in the consolidated financial statements of Chemplex Corporation Limited and its subsidiaries.**

The consolidated financial statements include unaudited financial statements of Sable Chemical Industries limited which is an investment in associate of Chemplex Corporation Limited. As a result, I was unable to satisfy myself that all the necessary adjustments and disclosures have been made to the unaudited financial statements of Sable Chemical Industries Limited for the year ended December 31, 2022. Accordingly, I was unable to determine the effect of this departure on the consolidated financial statements of Chemplex Corporation Limited for the year ended December 31, 2022.

I followed up on findings raised in my 2021 annual report and below is the status:

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

The Corporation did not make progress in addressing audit findings and implementation of recommendations raised in my 2021 and 2020 annual reports. I raised one (1) audit finding in my 2021 annual report and followed up on two (2) findings outstanding from my 2020 annual report. All the three (3) findings were not addressed as indicated below:

1.1. Production machinery

The finding was not addressed. The refurbishment project for Dorowa is still outstanding with a requirement of USD16 million being mobilized.

1.2. Receivables

The finding was not addressed. Management is still working on adhering to the standard credit policy.

1.3. Insurance pension commission regulations

The finding was not addressed. The Corporation had not addressed the requirements of IPEC for the prescribed asset threshold of 10%. Currently they have 3%.

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 consolidated financial statements of CMED (Private) Limited 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 matters described in the Basis for Qualified Opinion section of my report, the consolidated financial statements present fairly, in all material respects the financial position of CMED (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).

Basis for Qualified Opinion

iii. Non-compliance with International Financial Reporting Standard (IFRS) 13- “Fair value measurement” and International Accounting Standard (IAS) 8- “Accounting Policies, Changes in Accounting Estimates and Errors”

Opening balances

The Group disclosed Property, plant and equipment amounting to ZWL$3.9 billion for the year ended December 31, 2021. The Group had not corrected misstatements on the opening balance for Property, plant and equipment in line with the requirements of International Accounting Standard (IAS) 8- “Accounting Policies, Changes in Accounting Estimates and Errors”. In the prior year, the Group had not complied with the valuation principles and criteria provided for in the International Financial Reporting Standard (IFRS) 13 - “Fair value measurement” as the valuation report applied in determining fair value of assets did not have the required information of the valuation techniques, assumptions and inputs used to determine the values. In addition, the Group in the prior year translated the United States Dollar Property, plant and equipment valuation into Zimbabwean dollar (ZWL$) using the interbank rate. The translated amounts may not give a reasonable indication of the Zimbabwean dollar (ZWL$) prices derived from translating the United States Dollar (USD) amounts at interbank rate. Accordingly, I was unable to determine the extent of adjustments necessary.

iv. Non-compliance with International Accounting Standard (IAS) 36 - “Impairment of assets”

The Group did not avail evidence to support that impairment assessment for its assets was carried out as required by 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 ZWL$3.9 billion as disclosed in the statement of financial position as at December 31, 2021.

v. Non-compliance with International Accounting Standard (IAS) 16- “Property, plant and equipment”

The Group did not disclose land separately from buildings contrary to International Accounting Standards (IAS) 16 – “Property, plant and equipment” paragraph 58 which provides that land and buildings be accounted for separately even if acquired together. In addition, the Group did not review the useful lives and residual values of its assets in line with International Accounting Standard (IAS) 16– "Property, plant and equipment" paragraph 51 which requires review of useful lives and residual values of assets at each year end. As a result, some of the assets were fully depreciated but still in use.

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, 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 Financial Reporting Standard (IFRS) 13- "Fair value measurement" and International Accounting Standard (IAS) 8- "Accounting Policies, Changes in Accounting Estimates and Errors"

Opening balances

The Company disclosed Property, plant and equipment amounting to ZWL$3.6 billion for the year ended December 31, 2021. The Company had not corrected misstatements on the opening balance for Property, plant and equipment in line with the requirements of International Accounting Standard (IAS) 8- "Accounting Policies, Changes in Accounting Estimates and Errors". In the prior year, the Company had not complied with the valuation principles and criteria provided for in the International Financial Reporting Standard (IFRS) 13 - "Fair value measurement" as the valuation report applied in determining fair value of assets did not have the required information of the valuation techniques, assumptions and inputs used to determine the values. In addition, the Company in the prior year translated the United States Dollar Property, plant and equipment valuation into Zimbabwean dollar (ZWL$) using the interbank exchange rate. The translated amounts may not give a reasonable indication of the Zimbabwean dollar (ZWL$) prices derived from translating the United States Dollar (USD) amounts at the interbank exchange rate. Accordingly, I was unable to determine the extent of adjustments necessary.

ii. Non-compliance with International Accounting Standard (IAS) 36 - "Impairment of assets"

The Company did not avail evidence to support that impairment assessment for its assets was carried out as required by 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 ZWL$3.6 billion as disclosed in the statement of financial position as at December 31, 2021.

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

The Company did not disclose land separately from buildings contrary to International Accounting Standards (IAS) 16 – "Property, plant and equipment" paragraph 58 which provides that land and buildings be accounted for separately even if acquired together. In addition, the Company did not review the useful lives and residual values of its assets in line with International Accounting Standard (IAS) 16– "Property, plant and equipment" paragraph 51 which requires review of useful lives and residual values of assets at each year end. As a result, some of the assets were fully depreciated but still in use.

Below are other material issues noted during the audit;

1. GOVERNANCE ISSUES

1.1 Alignment of accounting processes to reporting framework

Finding

There was no evidence that the Company reviewed the useful lives of its assets in line with International Accounting Standard (IAS) 16 - “Property, plant and equipment” paragraph 51 which requires the review of useful lives of assets at each financial year end. The Company did not also carry out impairment assessments for its assets in line with International Accounting Standard (IAS) 36 – “Impairment of assets” paragraph 9 which requires an assessment of impairment at the end of each reporting period regardless of indicators of impairment noted on some of the assets.

In addition, the Company’s subsidiary did not separately disclose land and buildings to the financial statements contrary to the requirements of International Accounting Standards (IAS) 16 - “Property, plant and equipment” paragraph 58 which requires that land and buildings be accounted for separately even if they were acquired together. The land was not recognised in the financial statements. As a result, I could not ascertain the accuracy of assets value disclosed in the financial statements.

Risk / Implication

Misstatement of assets.

Recommendation

The Company should review the useful lives of old assets still in use as required by International Financial Reporting Standards (IFRSs).

Management should recognise the land separately in the financial statements.

Management response

During the year under review, the Company reviewed the status of its assets and scraped all the assets that were recommended to be obsolete. In future, we shall use the correct format- report as per your recommendation. Though there is hyperinflation, most values of assets impaired are within the fair value / market value range as in our financials.

The Company engaged Public Works Department (PWD) to provide us with value of all our land that has not been revalued.

1.2 Delivery of goods and services

Finding

The Company made an advance payment of USD 358 083 in October 2021 for purchase of three (3) double drum rollers valued at USD 119 361 per unit. However, the double drum rollers were not delivered as at December 31, 2021. Although subsequent to year-end two drum rollers were received, leaving a balance of USD 119 361 to be refunded by the supplier, this was contrary to the agreement with the supplier, which required delivery to be done within 8-12 weeks from the date of purchase order.

Risk / Implication

Financial loss due to non-delivery of goods.

Recommendation

Management should follow up on the outstanding refund balance.

Management should also follow up on goods not yet delivered.

Management response

We paid ZWL$31.4 million to the supplier equivalent to the USD 358 084 order amount and the company failed to access USD from the auction system within the reasonable period until machine prices increased. We paid during the period when auction rates were increasing weekly and auctions being carried out once weekly and CMED had to intervene for the supplier to get USD 86 000. The supplier agreed to supply two pieces and refund the third machine amount after the legal action had been taken.

The operating environment made it difficult to adhere to the contract provision, suppliers were demanding payment upfront. The supplier refunded USD 45 000 in the year 2023, and promised to pay the balance.

1.3 Payables

Finding

The Company experienced challenges in recovering the outstanding debts. As a result, the Company did not remit payroll deductions during 2021 amounting to ZWL$114.4 million to the relevant authorities. In addition, the Company had not cleared the outstanding payment on dividends amounting to ZWL$ 126.2 million which remained outstanding for a period exceeding 365 days. I could not ascertain the efforts made by the Company to settle the outstanding dividends.

Risk / Implication

Financial loss due to penalties from the relevant Authorities.

Reputational damage to the Company due to non-liquidation of the dividends.

Recommendation

The Company should consider remitting payroll deductions on time to the relevant authorities.

Management should devise plans to improve the company's cash flow.

Management response

We still have a challenge to pay ZIMRA and Pension due to insignificant payments received from our debtors though we have improved. We have also significantly improved on NSSA, CELLMED, ZIMDEF and NEC payments that we have almost cleared. During 2023, we managed to clear the outstanding balances as our cash flow position improved due to election programmes that were paid upon completion.

Dividend is declared from profits attained and funds that we have to use to pay the dividend are still tied up in the trade receivables. We are continuously engaging Treasury to liquidate the debt so that we are also able to liquidate the dividend on time. The Company proposed a suitable dividend policy during year 2021 but that was not authorized. The line Ministry advised the Company to continue using Treasury Circular No 7 of 1995 hence the provision in financial statements. However, the entire outstanding

dividend was paid in year 2023. During the financial year 2020, Directors did not recommend any dividend declaration for the period as the company needed to retain cash and grow the asset base of the Company. The dividend balance is just a provision for year 2021 and year 2022 but not declared.

1.4 Alignment of governance processes

Finding

The Company had not aligned its governance processes to the requirements of the Public Entities Corporate Governance Act [*Chapter 10:31*]. As a result, the Company had combined Risk Committee with Business Development Committee, Human Resources Committee with Legal and Corporate Governance, Finance Committee with Budget. This was contrary to section 92 of Public Entities and Corporate Governance Act [*Chapter 10:31*], which provides that the essential committees of public entities should be stand alone.

Risk / Implication

The oversight role may be compromised.

Recommendation

The Company should align its essential Board committees with the requirements of Public Entities and Corporate Governance Act [*Chapter 10:31*].

Management response

The Company has with effect from June 30, 2023 realigned its Board committees in line with provisions of section v of the Public Entities Corporate Governance Regulations.

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 2022 annual report. I raised two (2) audit findings and all were not addressed as indicated below;

2.1 Valuation of property, plant and equipment

The finding was not addressed. Revaluation of assets was not performed for the financial year 2021.

2.2 Corporate tax

The finding was not addressed as the company still owes the tax authority the corporate tax due.

Background Information

CMED Fuels (Private) Limited is a wholly owned subsidiary 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, 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 CMED Fuels (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 Qualified Opinion

i. Non-compliance with International Financial Reporting Standard (IFRS) 13- "Fair value measurement" and International Accounting Standard (IAS) 8- "Accounting Policies, Changes in Accounting Estimates and Errors".

Opening balances

In the prior year, the Company did not comply with the requirements of International Financial Reporting Standard (IFRS) 13- "Fair value measurement" and the misstatements had not been corrected in line with IAS 8- "Accounting Policies, Changes in Accounting Estimates and Errors". The Company in the prior year converted the United States dollar property, plant and equipment valuation into Zimbabwean dollar (ZWL$) using the interbank exchange rate. The translation may not give a reasonable indication of the Zimbabwean dollar prices derived from translating the United States Dollar amounts at the interbank rate would be the price at which a Zimbabwean dollar denominated transaction would occur. I could not determine the extent of adjustment necessary on the opening balances of property, plant and equipment and revaluation reserve.

ii. Non-compliance with International Accounting Standard (IAS) 36- "Impairment of assets"

The Company did not avail evidence to support that impairment assessment for its assets was carried out during the year ended December 31, 2021 as required by International Accounting Standard (IAS) 36 – "Impairment of assets", regardless of indicators of impairment noted on some of the assets. This was contrary to the requirements of IAS 36 - "Impairment of assets" which requires that an assessment for impairment should be carried out at the end of each reporting period to ascertain whether there is an indication that an asset is impaired. As a result, I could not satisfy myself on the valuation of property, plant and equipment amounting to ZWL$50.3 million as disclosed in the statement of financial position as at December 31, 2021.

Below are other material issues noted during the audit;

1. REVENUE COLLECTION AND DEBT RECOVERY

1.1. Fuel coupons redemption

Finding

The Company experienced network connectivity challenges at Marondera station. As a result, six hundred and seventy-four (674) litres of fuel were not captured into Coupon Management System (CMS) during the 2021 financial period. The majority of the coupons redeemed were captured into the system after 90 days. This was in contravention of CMED Fuels Accounting Manual which requires that redeemed coupons should be captured into the coupon management system on a daily basis. In addition, the current scanners were not portable as they were attached to the central processing unit (CPU), which was far away from the administration office.

Risk / Implication

Fraud and material irregularities may go undetected.

Recommendation

Management should address internet connectivity challenges to allow daily capturing of the redeemed coupons.

Management response

We had a problem of connectivity in Marondera hence the delay in the redemption of coupons. The connectivity issues were fully resolved in 2023. Currently we no longer sale coupons to government customers.

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

The Company did not make progress in addressing audit findings raised in my 2022 annual report. I raised two (2) audit findings and all the two (2) findings were not addressed as indicated below;

2.1. Valuation of property, plant and equipment

The finding was not addressed. The Company did not revalue its assets during the 2021 financial year.

2.2. Fuel coupons redemption

The finding was not addressed. The coupons took more than ninety (90) days before redemption than the prescribed timelines of one (1) day in the accounting and procedures manual.

Background Information

The Company was incorporated under the Companies and Other Business Entities Act [*Chapter 24:31*]. The main business of the Company is provision of courier services in Zimbabwe and beyond.

I have audited the financial statements of the Courier Connect (Private) Limited for the years ended December 31, 2017 and 2018 and I issued a disclaimer of opinion with material uncertainty related to going concern for both years.

Disclaimer of Opinion 2017

I do not express an opinion on the financial statements of the Courier Connect (Private) Limited for the year ended December 31, 2017. 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. Limitation of scope of journal entry testing

Management did not avail documentary evidence to support journal entries selected for testing for the year ended December 31, 2017. Hence, I was unable to obtain sufficient appropriate evidence to support the recording of these entries. In addition, some of the journal entries recorded had invalid dates resulting in lack of integrity on the journal entry data. I was therefore unable to perform all the planned audit procedures on the journal entries. I was therefore unable to conclude whether the possible effects on the Company's financial statements of any undetected misstatements related to the journal entries, if any, could have been material and pervasive. I was unable to obtain sufficient and appropriate audit evidence to serve as a basis for an audit opinion.

ii. Absence of third-party trade receivables

There were no responses from third-party customers for the trade receivable balances as at year-end. Subsequent receipts provided were inadequate to cover the closing balances at December 31, 2017. The total of unverified receivables amounts to USD 615 777 which represented 94% of the receivables balance. As of December 31, 2017, the trade receivables balance amounted to USD 652 082. Accordingly, I had not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. I was unable to determine whether any adjustments might have been found necessary in respect of recorded or unrecorded trade and other receivables and the elements making up the statement of comprehensive income, statement of changes in equity and statement of cash flows.

iii. Absence of trade payables confirmations

There were no responses from some third-party suppliers for the trade payable balances as at year-end. No alternative supporting documents were provided for these balances at December 31, 2017. The total of unverified payables amount to USD 289 836 which represents 94% of the payables balance. As of December 31, 2017, the trade payables balance amounted to USD 309 223. Accordingly, I had not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. I was unable to determine whether any adjustments might have been found necessary in respect of recorded or unrecorded trade payables and the elements making up the statement of comprehensive income, statement of changes in equity and statement of cash flows.

iv. Limitation of scope on other payables

Management did not provide a list of other payables amounting to USD 214 978. I was therefore unable to perform audit procedures to obtain sufficient appropriate audit evidence to provide a basis for an opinion. I was unable to determine whether any adjustments might have been found necessary in respect of recorded or unrecorded other payables and the elements making up the statement of comprehensive income, statement of changes in equity and statement of cash flows.

v. Limitation of scope on inventory

Management did not provide supporting evidence for the selected sample of invoices to confirm the accuracy of prices used in the valuation of inventory. I was unable to perform audit procedures to obtain sufficient appropriate audit evidence to provide a basis for an opinion. I was unable to determine whether any adjustments might have been found necessary in respect of inventory and the elements making up the statement of comprehensive income, statement of changes in equity and statement of cash flows.

vi. Limitation of scope on litigations and claims against the entity

There was no response from the Company's lawyers regarding claims and possible claims with respect to which their advice or representation was sought during the period January 1, 2017 to December 31, 2017. Accordingly, I had not been able to obtain sufficient appropriate audit evidence regarding completeness of provisions recognised and the related disclosures that might have been essential to fully comply with the requirements of International Accounting Standard (IAS) 37 – "Provisions, Contingent Liabilities and Contingent Assets" to provide a basis for an audit opinion.

vii. Contingent liability relating to the pension fund deficit

The Company was a contributor to a defined benefit pension fund. This pension fund is a multi-employer fund and currently had a deficit of USD 37.8 million. The Company's portion of this deficit had not yet been determined. I was therefore unable to ascertain the impact of this deficit on the Company including its impact on the financial statements.

viii. Use of the going concern assumption

I draw your attention to the fact the Company incurred a loss for the year of USD 136 232 (2016: loss USD 316 032) during the year ended December 31, 2017, and as at that date the Company's current liabilities exceeded its current assets by USD 1.3 million (2016: USD 1.2 million). I was unable to determine the impact of these conditions on the Company's going concern in light of other matters raised in this audit report.

Disclaimer of Opinion 2018

I do not express an opinion on the financial statements of the Courier Connect (Private) Limited as at December 31, 2022. 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 of Opinion

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

The Company transacted using a combination of United States Dollars (USD), bond notes and bond coins. Shortage of USD cash, other foreign currencies, bond notes and bond coins 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. The RTGS system was employed as a mode of electronic settlement, intended to be representative of physical currency. During the year there was a significant divergence in market perception of the relative values between bond notes, bond coins, mobile money settlements and RTGS settlements in comparison to the USD.

In October 2018, banks were instructed by the Reserve Bank of Zimbabwe ("RBZ") to separate and create distinct bank accounts for depositors, namely, Real Time Gross Settlement Foreign Currency Account (RTGS FCA) and Nostro Foreign Currency Account (Nostro FCA). This resulted in a separation of transactions on the local RTGS payment platform from those relating to foreign currency.

As a result of this separation, there was an increase in multi-tier pricing practices by suppliers of goods and services, indicating a significant difference in purchasing power between the RTGS FCA and Nostro FCA balances, against a legislative framework mandating parity. These events were indicative of economic fundamentals that would require a reassessment of the functional currency as required by International Accounting Standard (IAS) 21- "The Effects of Changes in Foreign Exchange Rates". As a result of these factors, the Directors performed an assessment on the functional currency of the Company in accordance with IAS 21 - "The Effects of Changes in Foreign Exchange Rates" and acknowledged that the functional currency of the Company was no longer USD.

Subsequent to year-end, a currency called the RTGS Dollar was legislated through Statutory Instrument 33 of 2019 (SI 33/19) with an effective date of February 22, 2019. In addition, SI 33/19 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. The rate of 1:1 was consistent with the rate mandated by the RBZ at the time it issued the bond notes as currency.

The Company acknowledged that there was a functional currency change and that the rates of exchange rate between the USD and local currency was not 1:1, they have maintained their functional currency as the USD and have presented the financial statements in USD using an exchange rate of 1:1, in compliance with SI 33/19. This constituted 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 pervasive. The financial effects on the financial statements of this departure have not been determined.

ii. Non-compliance with International Financial Reporting Standard (IFRS) 9 – "Financial Instruments"

The Company held trade and other receivables amounting to USD 566 185 as at December 31, 2018. Management did not provide supporting evidence of adoption and implementation of IFRS 9 – "Financial Instruments" to determine the allowance for expected credit losses. Management maintained prior year provision for bad debts amounting to USD 71 543 which was based on the principles of repealed standard, IAS 39 – "Financial Instruments: Recognition and Measurement". This implied that the disclosure requirements of IFRS 7 – "Financial Instruments: Disclosures" were not complied with. Therefore, I was not able to determine adjustments that might have been necessary in respect of the valuation of Debentures and Trade and other receivables and the elements making up the statement of comprehensive income, statement of changes in equity and statement of cash flows.

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

Management did not avail documentary evidence to support cost of sales transactions amounting to USD 65 324 which represented 14% of the cost of sales balance of $470 323. I was unable to perform audit procedures to obtain sufficient appropriate audit evidence to provide a basis for an opinion. I was unable to determine whether any adjustments might have been found necessary in respect of recorded or unrecorded cost of sales and the elements making up the statement of comprehensive income, statement of changes in equity and statement of cash flows.

iv. Limitation of scope on litigations and claims against the entity

There was no response from one of Company's lawyers regarding claims and possible claims with respect to which their advice or representation was sought during the period January 1, 2018 to December 31, 2018. Accordingly, I was unable to obtain sufficient appropriate audit evidence regarding completeness of provisions recognised and the related disclosures that might have been essential to fully comply with the requirements of International Accounting Standard (IAS) 37 – "Provisions, Contingent Liabilities and Contingent" to provide a basis for an audit opinion. My prior opinion was modified based on similar circumstances and due to the possible carryover effects in the current year's financial statements as well as comparability of current year's financial statements with that of prior year, I have also modified my current year's opinion on that basis.

v. Limitation of scope of journal entry testing

Management did not avail documentary evidence to support adjustments made to the audited trial balance in order to confirm the integrity of the updated trial balance for the year ended December 31, 2018 and also could not provide supporting documentation for journal entries selected for testing for the year ended December 31, 2017. As a result, I was unable to obtain sufficient and appropriate evidence to support the recording of these entries. In addition, some of the journal entries recorded had invalid dates resulting in lack of integrity on the journal entry data. I was therefore unable to perform all the planned audit procedures on the journal entries.

My prior report was modified based on similar circumstances and due to the possible carryover effects in the current year's financial statements as well as comparability of current year's financial statements with that of prior year, I have also modified my current year's report on that basis.

vi. Absence of trade receivables third-party confirmations

There were no responses from third-party customers for the trade receivable balances as at year-end. Subsequent receipts provided were inadequate to cover the closing balances at December 31, 2017. The total of unverified receivables amounts to USD 629 644 which represents 100% of the receivables balance as of December 31, 2017.

In the current year as of December 31, 2018, the total of unverified receivables amounts to USD 699 318 which represents 95% of the receivables balance. As of December 31, 2018, the trade receivables balance amounted to USD736 071. I was therefore not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. I was unable to determine whether any adjustments might have been found necessary in respect of recorded or unrecorded trade and other receivables and the elements making up the statement of comprehensive income, statement of changes in equity and statement of cash flows.

vii. Absence of trade payables confirmations

There were no responses from some the suppliers for the trade payable balances as at year-end. No alternative supporting documents were provided for these balances at December 31, 2017. The total of unverified payables amounts to USD289 836 which represents 94% of the payables balance. As of December 31, 2017 the trade payables balance amounted to USD309 223. In the current year as of December 31, 2018, the total of unverified payables amounts to USD1.77 million.

I was therefore not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. I was unable to determine whether any adjustments might have been found necessary in respect of recorded or unrecorded trade payables and the elements making up the statement of comprehensive income, statement of changes in equity and statement of cash flows.

viii. Contingent liability relating to the pension fund deficit

The Company was a contributor to a defined benefit pension fund. This pension fund is a multi-employer fund and currently had a deficit of USD 26.3 million. The Company's portion of this deficit had not yet been determined. I was therefore unable to ascertain the impact of this deficit on the Company including its impact on the financial statements.

ix. Report on the going concern

I draw your attention to the fact that the Company incurred a net loss of USD 336 343 (2017: USD136 232) during the year ended December 31, 2018, and as at that date the Company's current liabilities exceeded its current assets by USD 1.6 million (2017: USD 1.4 million). I was unable to determine the impact of these conditions on the Company's going concern in light of other matters raised in this audit report.

Below are other material issues noted during the audit;

1. GOVERNANCE ISSUES

1.1. Bank reconciliations

Finding

The Company did not prepare bank reconciliations and as a result, there was a variance of USD 8 845 between three bank accounts statement balances and their respective cash books as at December 31, 2017. As a result, no further work could be done on the balances.

Risk / Implication

Misstatement of financial statements.

Recommendation

The Company should investigate and correct the balances.

Management response

We were not able to provide bank statements and confirmations for the period hence we were not able investigate and reconcile this variance.

1.2. Supporting documentation

Finding

Management did not avail documentary evidence to support journal entries, trade receivables and payables confirmations selected for testing for the years ended December 31, 2017 and 2018. In addition, some of the journal entries recorded had invalid dates resulting in lack of integrity on the journal entry data.

Risk / Implication

Misstatement of financial statements.

Recommendation

Management should perform follow up and confirmation of existence of balances with customers given that most of these customers are also not settling their outstanding balances.

Management response

Due to lapse of time most suppliers were reluctant to confirm the balances and some other companies have since closed. Some journal entries are system generated management have taken note of the observation and will look into the issue.

1.3. Trade Payables and other payables

Finding

There were no responses from some the suppliers for the trade payable balances as at year-end. No alternative supporting documents were provided for these balances at December 31, 2017 and 2018. The total of unverified payables amounted to USD 289 836 and USD 1.77 million as at December 31, 2017 and 2018 respectively.

Risk / Implication

Misstatement of financial statements.

Recommendation

The Company should investigate and correct the balances.

Management response

Due to lapse of time clients could not confirm the balances as some no longer have the information and others have closed business.

1.4. Trade receivables and other receivables

There were no responses from third-party customers for the trade receivable balances as at December 31, 2017 and 2018. There was no evidence to support the balances disclosed in the financial statements. The total of unverified receivables amounted to USD 629 644 and USD 699 318 as at December 31, 2017 and 2018 respectively.

Risk / Implication

Misstatement of financial statements.

Recommendation

Management should request customer remittance advices on every receipt paid by customers.

Management response

Due to the lapse of time a number of customers did not respond to audit confirmation requests, either because they have migrated to a new system or have changed address. However, requests will be made to customer to avail remittance advices for every receipt that they pay.

Background Information

Deven Engineering (Private) Limited was incorporated in terms of the Companies and Other Business Entities Act [*Chapter 24:31*]. It is wholly (100%) owned by the Industrial Development Corporation of Zimbabwe (IDCZ). IDCZ is in turn wholly owned by the Government of Zimbabwe. The principal activity of the Company is to manufacture buses, 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, 2023 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 Deven Engineering (Private) Limited at December 31, 2023, 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 Financial Reporting Standards (IAS) 21- "Effects of changes in foreign exchange rates" and International Accounting Standard (IAS) 8- "Accounting Policies, Changes in Accounting Estimates and Errors"

Opening balances

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 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- "Effects of changes in foreign exchange rates". As a result, the misstatements on the prior years' income statement was carried forward in the current retained earnings balance and had not been adjusted in line with the requirements of International Accounting Standard (IAS) 8- "Accounting Policies, Changes in Accounting Estimates and Errors".

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

The Company applied the requirements of International Accounting Standard (IAS) 29 – "Financial Reporting in Hyperinflationary Economies" based on current and prior period financial information which was 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 the standards is considered material to the financial statements for the year ended December 31, 2023.

Report on going concern

I draw your attention to the fact that the Company's current liabilities exceeded its current assets by ZWL$ 805.3 million (2021: ZWL$ 174.3 million). This indicates that a material uncertainty exists that may cast significant doubt on the Company's ability to continue operating 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. Contract management

Finding

The Company did not prepare addendums on all the lease agreements for changes to the initial lease contracts that occurred during the year under review. As a result, the rental income accounted for in the general ledger was different from the amount on the lease agreement.

Risk / Implication

Irregular payments may not be detected on time.

No legal recourse in case of disputes.

Recommendation

Lease addendums should be prepared and agreed by both parties on the changes to the initial lease agreements.

Management response

Noted. Regularisation of the lease addendum will be done and put on file.

Background Information

Easy Go Car Hire and Travel (Private) Limited is a wholly owned subsidiary of CMED (Private) Limited and it was incorporated in terms of the Companies and Other Business Entities Act [*Chapter 24.31*]. The main functions of the Company are to provide transport and driver training to the government and the public.

I have audited the financial statements of Easy Go Car Hire and Travel (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 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, 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

iii. Non-compliance with International Financial Reporting Standard (IFRS) 13 - "Fair value measurement" and International Accounting Standard (IAS) 8 - "Accounting Policies, Changes in Accounting Estimates and Errors"

Opening balances

The Company disclosed Property, plant and equipment amounting to ZWL$452.4 million for the year ended December 31, 2021. The Company had not adjusted for the misstatements on the opening balance for Property, plant and equipment in line with IAS 8 - "Accounting Policies, Changes in Accounting Estimates and Errors". In the prior year, the Company had not complied with the valuation principles and criteria provided for on International Financial Reporting Standard (IFRS) 13 - "Fair value measurement" as the valuation report applied in determining fair value of assets did not have the required information relating to valuation techniques, assumptions and inputs used to determine the values.The Company in the prior year translated the United States Dollar Property, plant and equipment valuation into Zimbabwean dollar (ZWL$) using the interbank exchange rate. The translated amounts may not give a reasonable indication of the Zimbabwean dollar (ZWL$) prices derived from translating the United States Dollar (USD) amounts at the interbank exchange rate would be the price at which a Zimbabwean dollar (ZWL$) denominated transaction would occur. Accordingly, I was unable to determine whether revalued amounts effected on carrying amounts of property, plant and equipment and the revaluation surplus were appropriate and reasonable.

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

The Company did not disclose land separately from buildings contrary to International Accounting Standards (IAS) 16 – "Property, plant and equipment" section 58 which provides that land and buildings be accounted for separately even if acquired together. In addition, the Company did not review the useful lives and residual values of its assets in line with International Accounting Standard (IAS) 16 paragraph 51 which requires review of useful life and residual value of assets at each financial year end.

v. Non-compliance with International Accounting Standard (IAS) 36- “Impairment of assets”

I was not availed with evidence to support that impairment assessment of assets was carried out in line with the requirements of 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 ZWL$452.4 million 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. Accounting for land and buildings

Finding

The accounting processes of the Company were not aligned with the accounting framework. As a result, land and buildings for the Company were not separately disclosed. This was contrary to the requirements of International Accounting Standards (IAS)16 – “Property, plant and equipment” paragraph 58 which requires that land and buildings should be accounted for separately even if they were acquired together.

Risk / Implication

Misstatements of financial statements.

Recommendation

Management should consider separating land from buildings as required by IAS 16 – “Property, plant and equipment”.

Management response

The land will be separated from buildings, however land is on a long-term lease of 99 years but the lease amount was not stated, Management will engage an external evaluator to assess the land value.

1.2. Alignment of accounting processes to reporting framework

Finding

There was no evidence that the Company reviewed the useful lives of its assets in line with International Accounting Standard (IAS) 16 – “Property, plant and Equipment”. In addition, the Company did not also carry out impairment assessment for its assets in line with the requirements of International Accounting Standard (IAS) 36- “Impairment of assets” paragraph 9 which requires that the Company should assess at the end of each financial period for any indications of impairment. This was regardless of indicators of impairment noted on some of the assets.

Risk / Implication

Misstatement of assets.

Recommendation

The Company should review the useful lives of old assets still in use as required by International Financial Reporting Standards (IFRSs).

Management response

Observation noted. We are going to carry out impairment assessment in the future. However, an asset revaluation exercise was carried out in 2022 and the values of such assets were reviewed accordingly.

1.3. Debtors policy

Finding

The Company operated without an approved debtors' policy. There was no evidence to support that follow ups were being done on receivables. As a result, there were long outstanding trade receivables amounting to ZWL$63.9 million.

Risk / Implication

Financial loss due to failure to recover amounts owed by customers.

Recommendation

Management should implement a robust debt management system.

Management response

Recommendation has been noted. The policy is in the process of being reviewed. We have engaged our Legal office for assistance on the recovery of outstanding debts resulting in significant collection from Ministries.

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 2022 annual report. I raised one (1) audit finding and it was not addressed as indicated below;

2.1. Valuation of property, plant and equipment

The finding was not addressed. The Company did not revalue its assets during the 2021 financial year end.

Background Information

Genesis Energy (Private) Limited was established in terms of the Companies and Other Businesses Entities Act [*Chapter 24.31*]. Genesis Energy was formed to enhance security of fuel supply in the country.

I have audited the financial statements of Genesis Energy (Private) Limited for the financial years ended December 31, 2022 and 2023 and I issued an unmodified / clean opinion for both years.

Opinion 2022

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

Opinion 2023

In my opinion, the financial statements present fairly, in all material respects, the financial position of Genesis Energy (Private) Limited as at December 31, 2023 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRSs).

Below are material issues noted during the audit;

1. GOVERNANCE ISSUES

1.1. Dealer monitoring plan

Finding

The Company had no dealer monitoring plan documenting evidence of how they monitor their relationship with dealers. The Company has dealership contracts with several dealers throughout the country and the dealers are obliged to abide by certain contractual obligations. For instance, the dealers are required to comply with Genesis Energy's Health Safety, Environment and Security requirements, as well as abiding by Genesis Energy's Standard Operating Procedures. There was no evidence to support that these dealers were monitored to assess their compliance with the provisions of the contracts.

Risk / Implication

Reputational risk to the Company.

Recommendation

Management should put in place a dealer monitoring plan to enable it to enforce its standards at the dealer sites.

Management response

Observation has been noted. The Company will put in place a dealer monitoring plan by first quarter of 2024.

1.2. Withholding Tax on Board Fees

Finding

The Company paid Board fees and allowances to its board members and deducted 20% withholding tax amounting to ZWL$ 0.3 million and only remitted ZWL$ 0.2million to ZIMRA in September 2023. This was contrary to Section 36 (j) of the Income Tax Act [*Chapter 23:06*] which requires tax withheld to be remitted to ZIMRA within 10 days.

Risk / Implication

Penalties and interests on late or non-payment of taxes to ZIMRA might be levied.

Recommendation

Management should ensure that it adheres to the provisions of Section 36 (j) of the Income Tax Act [*Chapter 23:06*].

Management response

Observation noted. The withheld tax has been paid on September 12, 2023.

1.3. Monthly reconciliations

Finding

There was no evidence to support that the Company was performing monthly payables and receivables reconciliations. This was in contrary to the Standard Operating Procedures, which stipulates that reconciliations on accounts payables and receivables should be performed on a monthly basis.

Risk / Implication

Fraud and error may go undetected.

Recommendation

Management should ensure that reconciliations are done timeously.

Management response

The Company currently operates on a cash basis except for related party transactions with its parent Company. We will prepare reconciliation statements for receivables and payables emanating from related parties in the subsequent periods.

1.4. Annual returns

Finding

There was no evidence to support that the Company submitted the annual returns to the Registrar of Companies during the period under review in line with Section 165 of the Companies and Other Business Entities Act [*Chapter 24:31*].

Risk / Implication

Financial loss due to penalties.

Recommendation

The Company should file its annual returns with the Registrar of Companies on time.

Management response

Observation has been noted. The annual returns are filed with the Registrar of Companies subject to holding an Annual General Meeting. The Annual General Meeting (AGM) for the year 2022 was held on 26 January 2024.

1.5. Donations

Finding

The Company paid donations amounting to ZWL$ 2.5million which were not budgeted for in the Company's annual budget for 2023. This was contrary to Section 4.2 of the Company's donation policy which requires any deviations to be approved.

Risk / Implication

The internal control environment might be weakened.

Recommendation

Management should adhere to the Company's Donations policy.

Management response

Observation has been noted. The Company will ensure that a donation budget is included in the main budget.

2. PROCUREMENT OF GOODS AND SERVICES

2.1. Contract management

Finding

There was no evidence to support that the Company had sufficient contract management procedures in place to enable it to monitor its contracts with suppliers. As a result, the Company continued to transact with two (2) fuel transporters after the arrangement /contracts expired on September 14, 2022.

Risk / Implication

Financial loss due to irregular contractual obligations.

Recommendation

The Company should strengthen its procurement processes.

Management response

Observation has been noted. The Company will put procedures in place to monitor its contracts. First quarter of 2024.

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

The Company did not make progress in addressing audit findings and recommendations raised in my 2021 and 2022 annual reports. I raised one (1) audit finding in my 2022 annual report and followed up on two (2) findings outstanding in my 2021 annual report. All the three (3) findings were not addressed as indicated below;

3.1. Alignment with governance processes

The finding was not addressed. The policies were not yet aligned.

3.2. 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 balance.

3.3. Board committees

The finding was not addressed. Alignment of the Board could not be achieved as there are prospects of this Company merging with another sister Company.

Background Information

Hotspeck Enterprises (Private) Limited was established in terms of the Companies and Other Business Entities Act [*Chapter 24:31*] and is wholly owned by Rural Electrification Fund of Zimbabwe. It is a Special Purpose Vehicle whose main objective is to ensure constant supply of treated poles to Rural Electrification Fund for rural electrification programme, with excess being sold at a profit to other customers such as ZETDC and in the region.

I have audited the financial statements of Hotspeck Enterprises (Private) 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 Hotspeck Enterprises (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

Non-compliance with International Accounting Standard (IAS) 2 - "Inventory"

The inventory figure of ZWL$66.8 million disclosed in the financial statements included an amount of ZWL$14.3 million which was related to finished goods. Management did not allocate variable production overheads at the actual cost incurred contrary to International Accounting Standard (IAS) 2 - "Inventory" which requires the variable production overheads that are incurred in the conversion of materials to finished goods to be systematically allocated. This resulted in the understatement of finished goods balance. The misstatement was considered material and not pervasive on the financial statements.

Below are other material issues noted during the audit;

1. GOVERNANCE ISSUES

1.1. Variable production overheads

Finding

The Company's system was not configured to allow update of production overheads automatically. In addition, manual interventions were not performed to update the variable production overheads to the finished goods. As a result, the costs were not adjusted for changes in prices and the misstatements remained uncorrected.

In addition, the inventory figure of ZWL$66.8 million disclosed in the financial statements included an amount of ZWL$14.3 million which was related to finished goods. Management did not allocate variable production overheads at the actual cost incurred contrary to International Accounting Standard (IAS) 2 - "Inventory" which requires the variable production overheads that are incurred in the conversion of materials to finished goods to be systematically allocated. This resulted in the understatement of finished goods balance.

Risk / Implication

Misstatement of inventory.

Recommendation

Management should update the changes in prices of variable production overheads.

Management response

The system was configured in such a way that it does not update production overheads automatically. Going forward updates will be made manually in the system to align production overheads to price changes. For 2022 a journal was processed to adjust the understated costs.

1.2. Segregation of duties

Finding

The internal controls over revenue recording were not effective in that there was no segregation of duties on the invoicing and recording of revenue transactions. The sales clerk was responsible for processing the manual invoice, posting the transaction in the accounting system and also custody of the cash collected during the day before banking. These functions are ordinarily performed by different officers. Upon enquiry, management indicated that the Company could not recruit more officers due to cash flow challenges.

Risk / Implication

Fraud and error may go undetected.

Recommendation

Management should put in place robust controls over revenue.

Management response

Observation noted. However, currently the sales clerk is responsible for both invoicing and receipting because the organization is not able to recruit someone responsible for receipting only due to cash flow challenges. Someone will be identified internally to do the receipting so that there is segregation of duties.

1.3. Staff advances

Finding

The Company had no measures and procedures to enforce compliance with its travel and advances policy. Staff advances relating to travel and subsistence were not acquitted on time. For instance, the advances were being cleared on an average of 88 days to 316 days after return to the home station. This was contrary to the Company's policies and procedures manual which require travel and subsistence advances to be cleared within 14 days and If not cleared, to be recovered through payroll deduction.

Risk / Implication

Financial loss due to payment of services not rendered.

Recommendation

Management should enforce compliance with its policies on the management of staff advances.

Management response

Observation noted. Travel and subsistence clearances will be done within 14 days.

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

The Company made progress in addressing audit findings raised in my 2022 annual report. I raised one (1) finding and the finding was addressed as indicated below;

2.1. Health and safety

The finding was addressed. The fire suppression system was being serviced on time.

Background Information

Hwange Electricity Supply Company (Private) Limited was established 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 and developing the Hwange Unit 7 and 8 expansion Project at Hwange Power Station.

I have audited the financial statements of Hwange Electricity Supply Company (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 matters described in Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Hwange Electricity Supply Company (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

i. Non- compliance with International Financial Reporting Standard (IFRS) 13 – "Fair value measurement"

The Company performed valuation of its land in USD as at December 31, 2022. The USD amounts of land were translated to ZWL$ using the interbank rate as at December 31, 2022. The translated ZWL$ values were not in compliance with International Financial Reporting Standard (IFRS) 13 – "Fair value measurement" as they did not reflect the assumptions that market participants would apply in valuing similar items of land in ZWL$. I was unable to quantify the financial effects of this matter on the financial statements.

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

The functional currency of Hwange Electricity Supply Company (Private) Limited is Zimbabwe Dollars (ZWL$). In the year 2022, the entity had transactions that were denominated in United States Dollars. The interbank rate was used in the current year as the spot rate to translate the transactions into ZWL$, however, the interbank rates did not meet the definition of spot exchange rate as per the requirements of International Accounting Standard (IAS) 21 – "The Effect of Changes in Foreign Exchange Rates". The financial statements for the prior year were modified for this matter and there have been no restatements to the prior year financial statements in accordance with International Accounting Standard (IAS) 8- "Accounting Policies, Changes in Accounting Estimates and Errors". The effects of this non-compliance were considered material but not pervasive to the financial statements.

Below is another material issue noted during the audit;

1. GOVERNANCE ISSUES

1.1. Statutory obligations

Finding

The Company experienced cash flow challenges as its current liabilities exceeded the current assets by ZWL$173. 2 billion (2021: ZWL$10.5 billion). As a result, it was not remitting PAYE on time. In addition, withholding tax payments for the years 2020 and 2021 were remitted to the tax authorities on March 29, 2022. This was contrary to the requirements of the Income Tax Act [*Chapter 23:06*] which requires tax remittances to be done at specified dates.

Risk / Implication

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

Recommendation

The Company should come up with a revenue generation strategy to address the cash flow challenges.

Management response

HESCO is in the process of building the Hwange 7 & 8 Units for 600MW of power. Commissioning is set for June/July 2023, where Commercial Operations will commence. Until then, HESCO does not generate any revenue and relies solely on the injections from the two Equity Partners, ZPC and Sinohydro. One of the partners, ZPC, has been facing Cash-flow/ liquidity challenges, hence reducing its timely ability to fund / inject capital into HESCO, which has also negatively affected HESCO's ability to pay its dues on time.

Background Information

The Company was established 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 and implementing the project for the addition of Units 7 and 8 at Kariba South Power Station.

I have audited the financial statements of Kariba Hydro Power Company (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 matters described in Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Kariba Hydro Power Company (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

i. Non-compliance with International Financial Reporting Standard (IFRS) 13 – "Fair value measurement"

The valuation of the property, plant and equipment was performed by management as at December 31, 2022. The property, plant and equipment valuations were determined in USD and then translated to ZWL$ using the interbank rate as at December 31, 2022. The converted ZWL$ fair values did not meet the requirements of IFRS 13- "Fair Value Measurement" as this did not meet the assumptions that market participants would apply in valuing similar items of property, plant and equipment in ZWL$.

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

In the year 2022, the Company had transactions that were in United States Dollars. The Company used the interbank rate to translate the USD transactions into ZWL$. However, the interbank rate did not meet the criteria of an appropriate exchange rate as per the requirements of International Accounting Standard (IAS) 21– "The Effects of Changes in Foreign Exchange Rates" paragraph 8. The financial statements for the prior year were modified in respect of this matter. No assessment of the spot exchange rate and the impact of the differences, if any, has been made. Consequently, I was not able to determine if the financial statements for the current period and comparative figures would be materially different if such an assessment had been carried out.

Below are other material issues noted during the audit;

1. GOVERNANCE ISSUES

1.1 Alignment of accounting processes to the reporting framework

Finding

The Company had not aligned its accounting processes to the requirements of International Accounting Standard (IAS) 16 - "Property, plant and equipment" paragraph 51 as the review of the useful life and residual values were not carried out during the year. As a result, assets such as computer equipment, motor vehicles, plant and machinery were fully depreciated and still in use.

Risk / Implication

Misstatement of financial statements.

Recommendation

The Company should review useful lives and residual values of property, plant and equipment annually in line with IAS 16 paragraph 51.

Management response

Noted. The Company is making efforts to replace the fully depreciated assets. These fully depreciated assets are becoming very costly to manage. Furthermore, this is a policy matter that is affecting the whole ZESA Group. As such, the matter has been escalated to ZESA Holdings.

Background Information

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

I have audited the consolidated financial statements of Industrial Development Corporation of Zimbabwe 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 matters described in the Basis for Qualified Opinion section of my report, the consolidated financial statements present fairy, in all material respects, the consolidated financial position of Industrial Development Corporation of Zimbabwe as at December 31, 2022, its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis of 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"

Opening balances

A modified opinion was issued on the consolidated financial statements for the year ended December 31, 2021. This was due to the use of foreign currency exchange rates that were not considered to be appropriate spot rates for translation of foreign currency denominated transactions and balances, as required by IAS 21 – "The Effects of Changes in Foreign Exchange Rates" and its effects on the hyperinflationary adjustments made in terms of International Accounting Standard (IAS) 29 – "Financial Reporting in Hyperinflationary Economies".

The non-compliance with IAS 21 - "The Effects of Changes in Foreign Exchange Rates" was from prior financial years and there have been no restatements to the prior year consolidated financial statements in accordance with International Accounting Standard (IAS) 8- "Accounting Policies, Changes in Accounting Estimates and Errors", as such, the retained earnings as at December 31, 2022 may contain misstatements. As a result, my opinion on the current year consolidated financial statements is modified because of the possible residual effects of the non-compliance with IAS 21 - "The Effects of Changes in Foreign Exchange Rates" and the comparability of the current period's figures to that of the comparative period. The effects of this non-compliance were considered material but not pervasive to the consolidated financial statements.

ii. Consolidation of unaudited results of subsidiary

The unaudited results of Ginhole Investments (Private) Limited, a 100% subsidiary of IDCZ, were consolidated in the Group's financial statements for year ended December 31, 2022. I was unable to satisfy myself that all the necessary adjustments and disclosures have been made to the unaudited financial statements of Ginhole Investments (Private) Limited for the year ended December 31, 2022. The effects of this non-compliance were considered material but not pervasive to the consolidated financial statements.

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

Sable Chemicals Limited and Zimbabwe Grain Bag (Private) Limited did not prepare inflation adjusted financial statements. Unaudited historical results of Sable Chemicals Limited and audited historical cost results of Zimbabwe Grain Bag (Private) Limited were consolidated in the Group's financial statements without restating them for movements in inflation in accordance with the requirements of IAS 29 – "Financial Reporting in Hyperinflationary Economies*"*.

Below are other material issues noted during the audit:

1. PROCUREMENT OF GOODS AND SERVICES

1.1. Procurement of motor vehicles

Finding

I was not availed with Board approval on the procurement of two (2) motor vehicles, Ford Raptor and Toyota Land Cruiser Prado. The procurement of Ford Raptor was not included in the approved budget. The Finance Department was not represented on the tender evaluation committee and there was a price variation on the Toyota Prado which was above the stipulated threshold of 20% required by the Public Procurement and Disposal of Public Assets Act [*Chapter 22:23*]. I could not obtain the tax invoices for Toyota Land Cruiser Prado. Only the proforma invoices were availed.

Risks / Implication

Financial loss due to payment of unauthorised expenditure.

Recommendation

All procurements should be adequately supported by requisite approvals.

Management response

Procurement is done by the Corporation's Procurement Management Unity (PMU) based at Sunway City. The Corporation's role is to send requisitions while all the procurement processes are supervised and carried out by Sunway City PMU as provided for in the Public Procurement and Disposal of Public Assets (PPDPA) Act.

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

The Corporation did not make progress in addressing audit finding that I raised in my 2022 annual report as indicated below:

2.1. Key vacant posts

The finding was partially addressed. The Corporation still had key vacant posts other than the General Manager. The post of Company Secretary is yet to be filled.

Background Information

Infralink (Private) Limited was established in terms of the Companies and Other Business Entities Act [*Chapter 24.31*] 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 of Infralink (Private) Limited for the year ended December 31, 2022 and I issued a Qualified Opinion with a report on going concern.

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 Infralink (Private) Limited presents fairly, in all material respects, the financial position 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

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

The Company complied with Statutory Instrument 33 of 2019 (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 period financial statements. SI 33 of 2019 prescribed an exchange rate of 1:1 between the United States dollars and RTGS dollars effective from February 22, 2019 for accounting 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.

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 financial statements of this departure could not be determined.

Report on going concern

I draw your attention to the fact that the Company incurred significant losses mainly due to the exchange rate losses arising on the translation of the United States dollar denominated foreign loan balance to Zimbabwean dollars. Consequently, the Company was in a negative equity balances position of ZWL$ 45.7 billion (2021: ZWL$ 15.9 billion) as at December 31, 2022. 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 had not been modified in respect of this matter.

Below are other material issues noted during the audit;

1. REVENUE COLLECTION AND DEBT RECOVERY

1.1 Revenue collection

Finding

There was no evidence that the Company had effective internal controls over revenue collections. As a result, revenue reconciliations for February 2022 were not done and revenue earned during February 2022 was only accounted for in December 2022, ten (10) months after occurrence. There was an error of date entry when revenue batch was posted.

Risk / Implication

Fraud and error may occur and not detected in time.

Recommendation

Management should tighten controls on revenue management and reconcile revenue at least on a monthly basis.

Management response

Observation is noted. The issue arose from posting date of the transaction. Reversal and posting at correct dates have since been done. From the SOP and SAP set up, a senior member will be reviewing parked data before posting to update ledgers going forward.

1.2 Capital expenditure

Finding

The Company's Standard Operating Procedures manual did not provide adequate guidance on capitalisation of expenditure thresholds. As a result, expenditure related to three (3) laptops and a canon printer amounting to ZWL$ 5.5 million was expensed instead of being capitalised during the year.

Risk / Recommendation

Inconsistencies on the treatment of accounting transactions.

Recommendation

The Standard Operating Procedures should be comprehensive enough to provide guidance to accounting staff.

Management response

Observation is noted. The operations and maintenance contract expenses are claimed from Infralink in full. The separation of Capital expenditure is done at Infralink. The Asset policy under the operations and maintenance contract is under review to consider items to exclude or include as CAPEX.

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

The Company has not made progress in addressing audit findings raised in my 2022 annual report. I raised two (2) audit findings which were not addressed as indicated below;

2.1 Bank accounts

The finding was not addressed. The bank account names have not changed.

2.2 Asset register

The finding was not addressed. The assets tagging exercise was not done.

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, 2022 and I issued an unmodified / clean opinion with a report on going concern.

Opinion on the Consolidated Financial Statements

In my opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Minerals Marketing Corporation of Zimbabwe, as at December 31, 2022 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 Corporation Financial Statements

In my opinion, the financial statements present fairly, in all material respects, the financial position of Minerals Marketing Corporation 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).

Report on going concern

I draw your attention to the fact that the subsidiary, Mellofieldde Chemicals (Private) Limited had no significant operations since its incorporation in April 2012. This condition indicates the existence of a material uncertainty that may cast significant doubt about the subsidiary's ability to continue operating 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. Alignment of processes with legislative changes

Finding

The Corporation had not assessed its requirements in terms of bank accounts during the period under review. As a result, the Corporation maintained inactive bank accounts which incurred bank charges amounting to USD1 665, ZAR3 600 and ZWL$ 71 000 during the year. This was contrary to section 44 of the Public Finance Management Act [*Chapter 22:19*] which requires the Accounting Officer of a public entity to prevent irregular, fruitless and wasteful expenditure.

Risk / Implication

Financial loss due to bank charges.

Recommendation

Management should streamline their banking portfolio to meet its requirements.

Management response

The Corporation opened bank accounts with almost all banks for the purpose of collecting statutory obligations. However, most of the government royalties accounts have been inactive since the RBZ directive to all banks that royalties and commissions were to be paid directly to RBZ. The Corporation is in the process of engaging ZIMRA to finalise royalties reconciliation after which some of the accounts will be closed.

2. PROCUREMENT OF GOODS AND SERVICES

2.1. Delivery of laptops

The Corporation's due diligence processes over procurement of goods and services was not effective during the period. As a result, the Corporation made prepayments for the acquisition of two (2) laptops during the year. However, the laptops were not delivered as at year end.

Risk / Implication

Financial loss in the event that the laptops are not delivered.

Recommendation

Management should follow up on the delivery of the laptops.

Management response

The supplier is citing supply challenges emanating from HP through their distributor in South Africa.

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

The Corporation made progress in addressing audit findings raised in my 2017, 2020 and 2022 annual reports. I raised two (2) findings in my 2022 annual report and followed up on two (2) findings raised which were outstanding in my 2017 and 2020 annual reports. Two (2) findings were addressed, one (1) finding was partially addressed and one (1) finding was not addressed as indicated below;

3.1. Bank reconciliations

The finding was addressed. The Corporation had cleared the outstanding reconciling items pertaining to 2021.

3.2. Duplicate customer accounts

The finding was addressed. The Corporation is now implementing appropriate input validation controls.

3.3. Strategic direction of Mellofieldde Chemicals (Private) Limited

The finding was not addressed. The Company is still dormant.

3.4. Assay laboratory

The finding was partially addressed. The laboratory to be used by the Corporation for the independent assaying of minerals has not yet been completed.

Background Information

Mining Promotion Corporation (Private) Limited was 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, 2023 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, 2023 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. Vacant positions

Finding

The Corporation had key positions that were vacant during the year ended December 31, 2023. For instance, in the Geologist Department of the forty-three (43) posts only six (6) positions were filled resulting in thirty-seven (37) posts being vacant.

Risk / Implication

Service delivery may be compromised.

Recommendation

The Corporation should consider filling of vacant positions.

Management response

The recruitments will be done as soon as the 2024 budget is approved. The Corporation in the 2024 budget made a provision for recruitment of critical staff.

1.2. Value Added Tax

Finding

The Corporation recorded expenditure inclusive of input tax amounting to ZWL$62.5 million. The Corporation failed to exclude the input tax from the expenditure. This was contrary to the requirements of the International financial reporting framework which requires exclusion of refundable taxes on recognition of expenses and assets.

Risk / Implication

Financial statements may be misstated.

Recommendation

The Corporation should update its accounting procedures manual to provide guidance on recognition of expenditure that include refundable taxes**.**

Management response

This is noted and the company will ensure that no Value Added Tax is charged on supplier invoice since it does not hold a vat certificate.

1.3. Acquittal of travel and subsistence allowances

Finding

The Corporation's staff were not acquitting travel and subsistence allowances contrary to the requirements of the Corporation's Travel and Subsistence policy which requires members of staff to submit documentary proof of how they would have used the travel and subsistence allowances advanced to them and reimburse any unspent funds to the Corporation. As a result, advances amounting to ZWL$12 million had not been acquitted as at December 31, 2023.

Risk / Implication

Financial loss due to payment for services not rendered.

Recommendation

Management should enforce compliance with its policy on acquittal for travel and subsistence allowances.

Management response

This is noted and management will ensure that recoveries will be done in time.

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

The Corporation made progress in addressing audit findings and recommendations raised in my 2021 and 2022 annual reports. I raised two (2) findings in my 2022 annual report and followed up on one (1) audit finding outstanding in my 2021 annual report. Two (2) findings were addressed and one (1) was partially addressed as indicated below:

2.1. Audit committee

The finding was addressed. The Audit Committee was established in the fourth quarter of 2023.

2.2. Bank reconciliation statements

The finding was addressed. Bank reconciliation statements were now being reviewed during 2023.

2.3. Company policies

The finding was partially addressed. Two policies have been put in place and the Corporation is still working on other policies like Information Technology policy and Risk Management policy.

Background information

Mosi Oa Tunya Development Company (Private) Limited was incorporated in terms of the Companies and Other Business Entities Act [*Chapter 24:31*]. The mandate of the Company is to develop tourism infrastructure in the country.

I have audited the financial statements of Mosi Oa Tunya Development Company (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 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 Mosi Oa Tunya Development Company (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).

Basis for Qualified Opinion

Non-compliance with International Financial Reporting Standard (IFRS) 13 - "Fair Value Measurement"

The Company received seven (7) motor vehicles from the parent Ministry and engaged a valuer to determine fair values in order to recognise them in the financial statements. The value of these motor vehicles were determined in USD and then translated to ZWL$ using the auction rate as at December 31, 2021. The translated ZWL$ balances were not in compliance with IFRS 13 - "Fair Value Measurement" and did not reflect the assumptions that market participants would apply in valuing similar items of property, plant and equipment in ZWL$. In addition, considering the period between the measurement date and the reporting date, the USD values did not reflect the value of the assets in their present state as at December 31, 2021. It was not practicable to quantify the financial effects of this matter on the financial statements.

Below are the details of this issue that I noted during the audit;

1. GOVERNANCE ISSUES

1.1 Valuation of property, plant and equipment

Finding

The Company engaged an expert to revalue motor vehicles transferred from the parent Ministry to the Company during the financial year ended December 31, 2021. The value of these motor vehicles were determined in USD and then translated to ZWL$ using the auction rate of the Reserve Bank of Zimbabwe as at December 31, 2021. The translated ZWL$ balances did not reflect the fair value of the motor vehicles as they did not reflect assumptions that market participants would apply in valuing similar items of property, plant and equipment in ZWL$. This was contrary to International Financial Reporting Standard (IFRS) 13 – "Fair Value Measurement" paragraph 2which 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 (an exit price) and the assumptions that market participants would apply in valuing similar items.

Risk / Implication

Misstatement of financial statements.

Recommendation

Management should comply with the requirements of IFRS 13 – “Fair value measurement” on the determination of fair value of assets.

Management response

Kindly note that management restated the motor vehicles in line with the requirements of the Zimbabwean of the Zimbabwean laws.

Background Information

National Handling Services (Private) Limited was incorporated in terms of the Companies and Other Business Entities Act [*Chapter 24:31*] primarily for the provision of ground handling services for both passengers and cargo.

I have audited the financial statements of National Handling Services (Private) Limited for the year ended December 31, 2022 and I issued a Disclaimer of Opinion.

Disclaimer of Opinion

I do not express an opinion on the financial statements of National Handling Services (Private) Limited due to 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 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 Disclaimer of Opinion

i. Non-compliance with International Financial Reporting Standard (IFRS) 3 – "Business Combinations"

National Handling Services (Private) Limited has a subsidiary in Namibia, NHS CC Namibia, which it has been controlling from 2019. IFRS 3 - "Business Combinations" outlines that a 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. During the performance of my audit I was not availed with information which relates to the NHS CC Namibia for the purposes of consolidation. It is the significance of this limitation of scope that I was unable to express an opinion on these financial statements.

ii. Non-compliance with International Financial Reporting Standard (IFRS) 10 – "Consolidated Financial Statements"

National Handling Services (Private) Limited has a subsidiary in Namibia, NHS CC Namibia, which it has been controlling from 2019. The control that it has in the subsidiary falls 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 financial statements as no financial statements were prepared by NHS CC Namibia. It is the significance of this limitation of scope that I am unable to express an opinion on these financial statements.

iii. Non-compliance with International Accounting Standard (IAS) 2 – "Inventories"

During the year National Handling Services undertook a revaluation exercise of their inventory in order to determine the fair value of the inventory. The inventory of National Handling Services is carried at the fair value as at December 31, 2022. In accordance with accounting standards, inventory is measured at the lower of cost and net realizable value under IAS 2 – "Inventories". This departure from the requirements of IAS 2 – "Inventories" by National Handling Services resulted in a gain in the value of inventory amounting to ZWL$ 473 million which is material to the financial statements. In addition, I was not availed with supporting information to the increase in value of inventory. The Company failed to account for purchases made, issues out of inventory and closing inventory before their revaluation exercise. It is this significance of this limitation of scope that I am unable to express an opinion on the financial statements.

Below are other material issues noted during the audit;

1. GOVERNANCE ISSUES

1.1. Accounting for subsidiary- NHS CC Namibia

Finding

The Company did not consolidate the financial statements of its subsidiary based in Namibia (NHS CC Namibia Walvis Bay) which it has been controlling since 2019. No financial information was availed for audit pertaining to the subsidiary. This was contrary to the requirements of the Public Finance Management Act [*Chapter 22:19*] section 49 (2) (c) of the which requires that the annual report include financial statements of all subsidiaries of the reporting entity.

Risk / Implication

Fraud and error may not be detected.

Decision making may be compromised.

Recommendation

The Company should regularize the audits of its subsidiaries

Management response

The Auditor appointed to audit the Zimbabwe Dryport has now completed audits for 2019 to 2022 and these will be consolidated together with the 2023 Financial Statements.

1.2. Utilization of the SAP system

Finding

The Company did not fully utilise modules in the SAP system after years of its implementation. As a result, inventory and the asset register were maintained on excel. The members of staff were not capacited to fully execute the system as evidenced by the reliance of an outside consultant to assist them in solving some operational matters.

Risk / Implication

Data may be easily manipulated.

Recommendation

The Company should fully utilize accounting software.

Management response

In 2019, the Company complied with the requirements to change the reporting currency from United States Dollars to Zimbabwean dollars. The changes required some configurations in SAP which took longer to be implemented due to scarcity of expertise in the country. During this period stocks could not be maintained in SAP but were

maintained in excel. The configurations have since been completed and stocks will now be maintained in SAP from January 2023. SAP upgrades have also been completed and staff will go through refresher courses in their particular modules while senior staff from Finance and ICT will undergo super user training in order to fully take advantage of the SAP system facilities.

1.3. Clearing accounts reconciliations

Finding

The Company's internal control system over cash was not water tight during the period under review. As a result, reconciliations of the cash sales receivable control account was not done as at year end. The account had a balance of ZWL$263.8 million which was not reconciled to the relevant receivables accounts.

Risk / Implication

Fraud and errors may not be detected on time.

Recommendation

Management should regularly review these clearing accounts frequently and ensure that these clearing accounts are cleared on time preferably every month.

Management response

The cash receivable account is a suspense account for cash sales which is reconciled by the banking of receipts from customers. During the year under review, the company had a backlog in capturing transaction and as a result reconciliation for the funds held in this account could not be fully reconciled as the Officer responsible for the receivables impromptly resigned leaving the account not fully reconciled. An officer has been assigned to complete the reconciliation and the indications are that the amounts held in the account are mostly receipts from RBZ which are payments on behalf of airlines with legacy debts. These will be re-allocated to the appropriate receivables accounts.
Going forward, the account will be blocked for posting in 2023 as it will be processed online. The station cashier who will be stationed at Harare will be responsible for capturing the transactions real time to individual receivables accounts on receipt of funds.

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

The Company made progress in addressing audit findings raised in my 2022 annual report. I raised one (1) audit finding and it was partially addressed as indicated below;

2.1. NHS CC Namibian Walvis Bay Dry Port

The finding was partially addressed. The Auditor appointed to audit the Zimbabwe Dryport has now completed audits for 2019 to 2022 and these will be consolidated together with the 2023 Financial Statements.

Background Information

The National Oil Infrastructure Company of Zimbabwe (Private) Limited was incorporated in terms of the Companies and Other Business 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 years ended December 31, 2022 and 2023. I issued a Qualified Opinion on consolidated financial statements and unmodified / clean opinion on Company's financial statements for 2022. I also issued unmodified / clean opinion on both the consolidated and the Company financial statements for the year 2023.

Qualified Opinion on the Consolidated Financial Statements 2022

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 National Oil Infrastructure Company of Zimbabwe and its subsidiaries (the Group) as at December 31, 2022, 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

Valuation of Property, plant and equipment.

The Group's subsidiary, Petrozim Line (Private) Limited used an external professional valuer to determine the fair values of its property, plant and equipment with a carrying amount of ZWL$ 67.7 billion (2021: ZWL$44 billion) as at December 31, 2022. However, the valuation was performed using United States Dollar denominated inputs and assumptions as a basis of valuation and using the market approach. The United States Dollar values were then translated to Zimbabwean Dollar using the Reserve Bank of Zimbabwe auction exchange rate as at December 31, 2022.

The revalued amount of the property, plant and equipment was consolidated to the Group financial statements. The values obtained after converting the United States Dollar (USD) values to Zimbabwean Dollar (ZWL$) using the Reserve Bank of Zimbabwe auction exchange rate did not meet the requirements of International Financial Reporting Standard (IFRS) 13 – "Fair Value Measurement". The standard defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). In the current environment, it is unlikely that the Zimbabwean Dollar (ZWL$) price derived from translating the United States Dollar (USD) value at the Reserve Bank of Zimbabwe auction exchange rate would be the price at which a Zimbabwean Dollar (ZWL$) denominated transaction would occur.

I was therefore unable to obtain sufficient appropriate evidence to support the appropriateness of revalued amount of the property, plant and equipment that was consolidated in the Group financial statements.

Opinion on the Company Financial Statements 2022

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, 2022 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Opinion on the Consolidated Financial Statements 2023

In my opinion, the consolidated financial statements present fairly, in all material respects, the financial position of National Oil Infrastructure Company of Zimbabwe (Private) Limited and its subsidiaries (the Group) as at December 31, 2023 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Opinion on the Company Financial Statements 2023

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, 2023 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. Proceeds from disposal of assets

Finding

The Company was not monitoring compliance with agreement entered into with an Auctioneer for the disposal of assets. As a result, the Auctioneer was remitting proceeds on average between six (6) to thirty-eight (38) days after the conclusion of the auction contrary to the agreement which requires remittance of proceeds within three (3) days. For instance, auction proceeds amounting to ZWL$343.8 million and USD15 000 in relation to auction conducted in December was not remitted on time.

Risk / Implication

Financial loss as long outstanding proceeds may not be recovered.

Financial loss due to currency fluctuations.

Recommendation

Management should strengthen internal controls and clearly specify the remittance currency in future auction contracts.

Management response

Observation has been noted. Going forward, management will put in place internal controls that ensures proceeds from auction are remitted on time. All proceeds were later remitted to the Company.

1.2. Pension fund remittances

Finding

The Company did not remit the employees and employer's pension contributions amounting to ZWL$399 million for the month of November 2023 on time instead, the contributions were remitted on January 22, 2024.This was contrary to the Pension Fund Rules which require these contributions to be remitted within fourteen (14) days of the month's end.

Risk / Implication

Anticipated level of pension benefits may not be attained.

Recommendation

Pension contributions should be remitted timeously within the prescribed period.

Management response

Observation has been noted. Going forward the Company will ensure that pension contributions are remitted on time.

1.3. Board expenses

Finding

I was not availed with the Ministerial approval of the payment for medical expenses amounting to USD30 080 in respect of one of the non-executive directors. This was contrary to the requirements of Public Entities Corporate Governance Act [*Chapter 10:31*] section 12 which requires that no expenditure shall be incurred in excess of the applicable standard fixed allowances and benefits unless prior approval has been obtained.

Risk / Implication

Financial loss due to unapproved expenditure.

Recommendation

The Company should seek guidance and approval from the Parent Ministry and Corporate Governance Unit before incurring expenditure not provided for in the Remuneration Framework in respect of non-executive directors.

Management response

The amount paid was not part of remuneration but compassionate on medical reasons, similar to other donations made by the company. The Board resolution was submitted to the Parent Ministry and Corporate Governance Unit.

2. MANAGEMENT OF ASSETS

2.1. Re-exporting of assets

Finding

The Company had no clear procedures to guide officers on the modalities and processes of re-exporting of assets back to Zimbabwe. As a result, assets identified as redundant and obsolete at the Company's office in Beira, Mozambique in 2018 had not been transferred to Zimbabwe for appropriate action to be taken before the end of 2023 reporting period.

Risk / Implication

Inconsistent treatment of transactions.

Loss of revenue due to continued delays in disposing the identified assets.

Recommendation

The company should come up with procedures for re-exporting its assets in order to provide a comprehensive guide to staff when handling the company assets.

Management response

Observation noted. Beira assets have been transferred to Feruka depot in Mutare for disposal. The assets are scheduled to be auctioned during the second half of 2024.

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

The Company has made progress in addressing audit findings raised in my 2022 annual report. I raised two (2) audit findings all the two (2) findings were addressed as indicated below;

3.1. Board payments

The finding was addressed. The Company did not make any payment of this nature in 2023 financial year.

3.2. Transport service contract

The finding was addressed. A service level agreement is now in place.

Background Information

National Pharmaceutical Company was established in terms of the Government Medical Stores (Commercialisation) Act No. 13 of 2000. The Company is charged with the procurement of drugs for all state-run hospitals in Zimbabwe. National Pharmaceutical Company's objectives and functions are to purchase, sell, deal in and store medicines, medical equipment and other goods and articles for use in hospitals, clinics, pharmacies and other medical establishments.

I have audited the financial statements of National Pharmaceutical Company for the years ended December 31, 2022 and 2023. I issued a Qualified Opinion for 2022 and an unmodified / clean opinion for 2023.

Qualified Opinion 2022

In my opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of National Pharmaceutical Company 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

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 Company complied with Statutory Instrument 33 of 2019 issued by the Government of Zimbabwe but 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 of 2019, the Government prescribed an exchange rate of 1:1 between the United States dollars and RTGS dollars effective from February 22, 2019 for accounting 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 material but not pervasive.

The misstatements in the historical comparative information consequently impacted the determination of the inflation adjusted amounts as required in the application of International Accounting Standard (IAS) *29* – "Financial Reporting in Hyperinflationary economies" in prior years. The financial effects on the financial statements of this departure could not be determined. I could not determine the extent of adjustments necessary.

Opinion 2023

In my opinion, the financial statements present fairly, in all material respects, the financial position of National Pharmaceutical Company as at December 31, 2023 and its financial performance and its cash flows for the other period then ended in accordance with International Financial Reporting Standards (IFRSs).

Below are other material issues noted during the audit;

1. GOVERNANCE ISSUES

1.1 Standard operating procedures (SOPs) manual

Finding

The Company's standard operating procedures manual was last reviewed in 2014 despite changes in the economic environment and amendments to the reporting framework. This was contrary to section 22.2 of the standard operating procedures manual which requires annual review of the manual.

Risk / Implication

Inconsistences in the treatment of transactions.

Recommendation

The Company should review its standard operating procedures manual annually.

Management response

Observation noted. Remedial action is underway. The Company received its first training on IPSASs in March 2024 and revision of Standard Operating procedures has now commenced incorporating the requirements of International Public Sector Accounting Standards (IPSASs).

1.2 Inventory management

Finding

The Company’s internal controls over inventory management were inadequate. Although the system flagged inventory near expiration, it was not configured to send alerts notifying that certain inventory items were about to expire. As a result, inventory amounting to ZWL$ 12.6 million expired during the year.

Risks / Implication

Financial loss due to expired stock.

Recommendation

The Company should regularly extract reports for items which are about to expire rather than waiting for the system to flag the items when processing transactions.

Management response

Observation noted. Currently, the system is flagging items about to expire when processing transactions. The system will be configured to provide users with alerts or notifications for items nearing expiration. The procedures to reduce prices or donate stocks nearing expiration are already in place.

1.3 Selling price computations

Finding

The selling price was manually captured into the system, which made it susceptible to fraud and/or errors.

Risk / Implication

Material error and irregularities may go undetected.

Recommendation

Management should configure the system and the selling price should be computed by the system.

Management response

Observation noted. The system will be automated accordingly.

2. MANAGEMENT OF ASSETS

2.1. Recovery of Company assets

Finding

The Company had not been enforcing its termination procedures during the period. As a result, some outstanding balances amounting to USD1 259 and ZWL $1.9 million were yet to be recovered from staff members who resigned from employment during the year.

Risk / Implication

Financial loss as outstanding amounts may not be recovered.

Recommendation

Management should recover the outstanding balances on termination in line with its policies.

Management response

NatPharm demand payment of all outstanding dues in terms of any loans which may have been extended to the staff who would have resigned. However, challenges have been experienced in trying to recover dues from the respective staff members' pensions. The Company's insurer has indicated that it was against the law to recover from pension benefits and NatPharm should use other means. NatPharm will proceed to use legal means to recover the outstanding dues and assets.

3. 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. All two (2) findings were addressed as indicated below;

3.1. Email phishing

The finding was addressed. The email server activity and performance is now being assessed daily.

3.2. Management override of controls

The finding was addressed. Segregation of duties and procurement controls were now being applied.

Background Information

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

I have audited the financial statements of the National Railways of Zimbabwe for the year ended December 31, 2021 and I issued an Adverse Opinion with a report going concern.

Adverse Opinion

In my opinion, except for the effects of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, in all material respects, the financial position of National Railways 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 of Adverse Opinion

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

Opening balances

The Company did not comply with International Accounting Standard (IAS) 21 – "The Effects of Changes in Foreign Exchange Rates" in the 2019, as it elected to comply with Statutory Instrument 33 of 2019 ("SI 33/19") from February 22, 2019. Had the Company applied the requirements of (IAS) 21 – "The Effects of Changes in Foreign Exchange Rates" from October 1, 2018 many of the elements of the prior year financial statements, which are presented as comparative information, as well as the opening retained income for the current financial year would have been materially impacted. The departure from the requirements of International Accounting Standard (IAS) 21- "The Effects of Changes in Foreign Exchange Rates" was considered to be pervasive in the prior year.

The effects of this departure on the financial statements have not been determined. My opinion on the current year's financial statements is modified because of the possible effects of this matter on the comparability with the current year's financial statements. 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 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 materially misstated.

ii. Valuation of Property, plant and equipment; intangible assets; and investment property

The Company performed a revaluation of property and equipment; intangible assets; and investment property as at December 31, 2021. The valuations where determined in USD and then translated to ZWL$ using the interbank rate as at December 31, 2021. The translated ZWL$ were not in compliance with International Financial Reporting Standard 13 – "Fair Value Measurement". The standard 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$/USD interbank exchange rate in the determination of the final ZWL$ fair valuations presented.

iii. Valuation of inventory

The Company did not perform impairment assessment for its spares. Included in the inventory balance as at December 31, 2021 of ZWL$1.52 billion (2020: ZWL$1.295 billion) are spares for antiquated, decommissioned equipment and rail infrastructure amounting to ZWL$ 1.072 billion (2020: ZWL$ 1.01 billion) which were not recorded at the lower of the cost or net realizable value. I was unable to obtain sufficient evidence to support the appropriateness of the inventory balances as at December 31, 2021, as well as the provision for obsolete spares in the statement of profit or loss.

iv. Misstatement of receivables and revenues

I was unable to obtain sufficient evidence to support the appropriateness of revenue and other income balances in the statement of comprehensive income. Trade and other receivables; and related party receivables balances as at December 31, 2021 were: ZWL$ 923.5 million (2020: ZWL$ 698.01 million), and ZWL$ 21.3 million (2020: ZWL$3.16 million) respectively.

I was unable to obtain sufficient appropriate audit evidence that management had properly accounted for accounts receivable due as the accounting records were not maintained properly, non-submission of information in support of these receivables and material unadjusted audit differences. I was unable to confirm these receivables by alternative means. As a result, I could not ascertain the validity of revenue and receivables disclosed in the financial statements as the accounting records were not maintained properly.

v. Misstatement of payables and expenses

Trade and other payables balances as at December 31 ,2021 were: ZWL$ 5.1 billion (2020: ZWL$ 4.2 billion). I was unable to obtain sufficient appropriate audit evidence that management had properly accounted for payables due to the status of the accounting records, non-submission of information in support of these payables and material unadjusted audit differences. I was unable to confirm these payables by alternative means.

vi. Valuation of loans

Loan balances as at December 31, 2021 were ZWL$1.411 billion (2020: ZWL$ 1.818 billion). Included in loan balances are long overdue government guaranteed loans from foreign lenders totalling ZWL$ 1 billion (2020: ZWL$ 808 million).

I was not availed with adequate third-party documents to support foreign loans and I could not confirm the loan balances and terms of the loans by alternative means. I was unable to obtain sufficient evidence to support the appropriateness of the borrowings and interest payable balances as at December 31, 2021. As a result, I could not establish the appropriateness of the interest expense on foreign loans and exchange gains/ (losses) on borrowings in the statement of profit or loss.

vii. Non-compliance International Accounting Standard (IAS) 19 – "Employment benefits"

The Company operates a defined benefit plan post-employment fund. I was unable to obtain sufficient appropriate audit evidence that management had properly accounted for post-employment benefits in accordance with International Accounting Standard (IAS) 19 – "Employment benefits" due to the accounting records that were not properly prepared and maintained and non-submission of information in support the post-employment benefits.

Report on going concern

I draw your attention to the fact that the Company incurred an operating loss of ZWL$2.4 billion (2020: ZWL$ 3.5 billion). The Company's current liabilities exceeded its current assets by ZWL$4.2 billion (2020: ZWL$ 4.3 billion). In addition, the Company relies on locomotives and wagons leased from third parties. Lease liabilities as at December 31, 2021 amounted to ZWL$1 billion (2020: ZWL$2.3 billion). All the lease contracts for the equipment are denominated in United Stated dollars. This exposes Company to significant foreign currency losses. These conditions indicated that a material uncertainty exist that may cast significant doubt about the Company's ability to continue as a going concern. My opinion was not modified in respect of these matters.

Below are other material issues noted during the audit:

1. GOVERNANCE ISSUES

1.1. Trade and other receivables

Finding

I was unable to obtain sufficient appropriate audit evidence that management had properly accounted for accounts receivable due as the accounting records were not maintained properly, non-submission of information in support of these receivables and material unadjusted audit differences. In addition, trade receivables amounting to ZWL$ 2.6 billion were outstanding for more than 91 days as at December 31, 2021.

Risk / Implication

Misstatement of financial statements.

Recommendation

The Company should strengthen the debt management system.

Management response

Noted. Management will assess the debt profile and consider writing off prescribed and other irrecoverable debt under litigation.

1.2. Trade and other payables

Finding

I was unable to obtain sufficient appropriate audit evidence that management had properly accounted for payables due to the status of the accounting records; non-submission of information in support of these payables; and material unadjusted audit differences. Trade and other payables balances as at December 31 ,2021 were: ZWL$ 5.1 billion (2020: ZWL$ 4.2 billion).

Risk / Implication

Misstatement of financial statements.

Recommendation

The Company should perform monthly reconciliations for trade payables.

Management response

Management will endeavour to clear all unrecoverable debt balances and unverified credit balances, and carry out timely account reconciliations.

1.3. Inventories

Finding

The Company did not perform net realisable value assessment for its spares. Included in the inventory balance of ZWL$1.5 billion (2020: ZWL$1 billion) are spares for antiquated, decommissioned equipment and rail infrastructure amounting to ZWL$ 1 billion (2020: ZWL$ 1 billion) which were not recorded at the lower of the cost or net realizable value. I was unable to obtain sufficient evidence to support the appropriateness of the inventory balances as at December 31, 2021, as well as the provision for obsolete spares in the statement of profit or loss.

Risk / Implication

Misstatement of financial statements.

Recommendation

The Company should assess the net realisable value of its inventory in each subsequent period.

Management response

The observation is noted. Included in the inventory is 30Kg rail though not meant for mainline but usable on branch lines. It should be noted that the rail is still very much usable as we had a number of mines opening that require branch lines and sidings where the 30kg rail is used. Spares for decommissioned electric locomotives will be disposed together with the locomotives, not as scrap metal but rather sold to private players especially in South Africa where railway transportation was opened to private companies. The Board and Management are in the process of engaging prospective customers to dispose the electric locomotives and related spares in stock.

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

The Company made progress in addressing audit findings raised in my 2019 and 2020 annual reports. I raised eight (8) audit findings in my 2020 annual report and followed up on four (4) findings outstanding in my 2019 annual report. Three (3) findings were addressed, two (2) partially addressed and seven (7) were not addressed as indicated below;

2.1 Board composition

The finding was addressed. The Board is now constituted with members that have the relevant qualifications from December 2022.

2.2 Bank reconciliation

The finding was addressed. The bank reconciliation are not being prepared.

2.3 Fraud and theft

The finding was not addressed. The internal controls were still inadequate as there were issues noted during 2022 audit relating to assets that went missing at one of the Company's stations.

2.4 Real estate management

The finding was partially addressed. The real estate registers were still being updated but not yet complete.

2.5 Accounting records

The finding was addressed. The sub-ledger systems were implemented to account for these foreign receivables, creditors and revenue streams.

2.6 Loan documentation

The finding was not addressed. The loan documents could not be availed to during the audit.

2.7 Valuation and impairment of inventory

The finding was not addressed. Impairment assessment and valuation of inventory was not performed during the year.

2.8 Weighing of goods

The finding was not addressed. Management has not implemented measures to have the goods weighed.

2.9 Loan valuation

The finding was not addressed. Management could not provide supporting documentation for the loans.

2.10 Valuation of Property, plant and equipment

The finding was partially addressed. Management carried out an asset revaluation exercise during the year ended December 31. 2021, however not all asset were revalued.

2.11 Investment policy

The finding was not addressed. Investment policy is still awaiting Board approval.

2.12 Insurance on assets

The finding was not addressed. The assets are currently not insured.

Background Information

Net*One, is a private company wholly owned by Government and was established in terms of Companies and Business Entities Act *[Chapter 24:31].* Its main focus and objective was to introduce and offer mobile cellular telecommunications.

I have audited the financial statements of Net*One (Private) Limited for the year ended December 31, 2022 and I issued Qualified Opinion with a report on going concern.

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 Net*One Cellular (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

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

An adverse opinion was issued on the financial statements for the year ended December 31, 2021. The Company used foreign currency exchange rates that were not considered to be appropriate spot rates for translation of foreign currency denominated transactions and balances, as required by IAS 21- "The Effects of Changes in Foreign Exchange Rates" and its consequential effects on the hyperinflationary adjustments made in terms of IAS 29 "Financial Reporting in Hyperinflationary Economies".

The Company did not restate the prior year financial statements in accordance with International Accounting Standard (IAS) 8 - "Accounting Policies, Changes in Accounting Estimates and Errors" as at December 31, 2022. As a result, my opinion on the current year financial statements is modified because of the possible residual effects of the non-compliance with IAS 21- "The Effects of Changes in Foreign Exchange Rates" and the comparability of the current period's figures to that of the comparative period. The effects of this non-compliance was considered material but not pervasive to the financial statements.

ii. Valuation of property and equipment

The prior year financial statements were modified due to non-compliance with (IFRS) 13- "Fair Value Measurement". Management performed valuation of property and equipment as at December 31, 2020.The valuations were determined in USD and then translated to ZWL$ at the interbank foreign exchange rate as at December 31, 2020. The converted ZWL$ fair values were not in compliance with (IFRS) 13- "Fair Value Measurement" as they did not reflect the assumptions that the market participants would apply in valuing similar items of property and equipment in ZWL$. The prior year opinion was modified in respect of this matter as there were no subsequent revaluations of property and equipment, this matter continues to affect the financial statements for the year ended December 31, 2022.

Report on going concern

I draw your attention to the fact that the Company incurred a loss of ZWL$40 billion (2021: ZWL$ 31billion) during the year ended December 31, 2022 and, as at that date, the Company's total liabilities exceeded the total assets by ZWL$ 32billion, while the current liabilities exceeded the current assets by ZWL$ 20.9

billion (2021: ZWL$ 20.5 billion). 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 was not modified in respect of this matter.

Below are other material issues noted during the audit;

1. GOVERNANCE ISSUES

1.1. Lease agreements

Finding

The Company had lease agreements which had expired. These included the NSSA lease which expired in July 2020 and the ZIMPOST lease which expired on December 31, 2021. These lease agreements had not yet been renewed although the Company was still occupying the properties as at December 31,2022.

Risk / Implication

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

Recommendation

Management should ensure that all lease agreements are up to date.

Management response

There was reluctance by landlords to sign leases that were payable in ZWL$ due to the instability of the local currency. The Company have since negotiated for quarterly settlement in advance to curb for inflationary pressures and for some have agreed on USD rentals and are in the process of regularizing the leases.

1.2. Bank reconciliations

Finding

The Company was not preparing bank reconciliations on time. As a result, it took five (5) years for the Company to clear the backlog of bank reconciliations on a bank account that was closed in 2017. The account had a ledger balance of ZWL$ 358, 3 million as at December 31, 2022.

Risk / Implication

Fraud and error may go undetected.

Recommendation

Bank reconciliations should be prepared in time.

Management response

The bank account was closed but remained open in the ledger as it was linked to a particular shop. The amounts in the ledger have since been reconciled and allocated to the respective bank accounts.

1.3. Post-paid customer lines

Finding

The Company's control over debt management was not effective during the period under review. Post-paid customer accounts with outstanding balances were not suspended 90 days after barring of outgoing calls. This was contrary to the Company's debt management policy which require suspension of services 90 days after barring of outgoing calls.

Risk / Implication

Possible financial losses due to bad debts.

Recommendation

Management should comply with its debt management policy.

Management response

This issue arose due to system challenges that were faced on migration to the new billing system. Customer lines are now being suspended when the account is not settled.

1.4. Unidentified deposits

Finding

The Company had not cleared deposits amounting to ZWL$ 202.5 million received in various banks during the year due to insufficient client details.

Risk / Implication

Misstatement of financial statements.

Recommendation

The Company should come up with an integrated payment gateway system, which will allow the Company to clear unidentified deposits.

Management response

These are amounts directly deposited into Netone Bank accounts. However, they have incomplete descriptions for reconciliations to be done. Efforts are being done with the help of the banks to identify the depositors. Amendments to the Cash Book policy is going to be done to cater for Un-cleared deposits so that deposits that remain un-cleared (after exhausting all efforts) for 6 months will be transferred to sundry income.

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

The Company made progress in addressing audit findings raised in my 2021 and 2022 annual reports. I raised one (1) audit finding in my 2022 annual report and followed up with one (1) finding outstanding in my 2021 report. One (1) finding was addressed and the other was partially addressed as indicated below;

2.1. Residential property

The finding was partially addressed. The Company has instituted legal proceedings for the eviction of tenants.

2.2. System user profiles

The finding was addressed. A process was put in place to deactivate user accounts upon termination.

Background Information

New Ziana (Private) Limited was established in terms of the Companies and Other Business Entities Act [*Chapter 24:31*]. The Company 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, 2020 and I issued an Adverse Opinion with a report on 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, in all material respects, the financial position of New Ziana (Private) Limited 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"

The Company 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 interbank exchange rate which was not considered an appropriate spot rate for transactions as required by IAS 21- "The Effects of Changes in Foreign Exchange Rates". As a result, I was unable to determine whether any adjustments might have been necessary.

ii. Valuation of Property, plant and equipment

The property, plant and equipment amounting to ZWL$38.7 million was revalued at year end. The revaluation was done by management through a desktop valuation exercise which resulted in a significant adjustment of asset values. The revalued amounts determined by management were not supported by adequate and traceable evidence to support how management determined values. Due to limitation of scope, I could not determine whether the assets values presented on the statement of financial position are accurate.

Report on going concern

I draw your attention to the fact that the Company's current liabilities exceeded its current assets by ZWL$3.6 million (2019: ZWL$5.9 million) for the year ended December 31, 2020. In addition, the Company had been failing to meet the targeted volumes of newspapers and securing adequate adverts which generate adequate funds for the Company to be operational into the foreseeable future. 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.

I made a follow up on findings raised in my 2022 annual report and below is the status;

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

The Company did not make progress in addressing audit findings raised in my 2022 annual report. I raised three (3) findings and all were not addressed as indicated below;

1.1. Alignment of accounting processes to reporting framework

The finding was not addressed. The Company had not yet performed the review of useful life and residual values of its assets.

1.2. Alignment to corporate governance framework

The finding was not addressed. The Company is still operating without a Board of directors.

1.3. Internal audit function

The finding was not addressed. The Company has not yet set-up an Internal audit function.

Background Information

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

I have audited the financial statements of Petrozim Line (Private) Limited for the years ended December 31, 2022 and 2023. I issued an Qualified Opinion for 2022 and an unmodified / clean opinion for 2023.

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 of Petrozim Line (Private) Limited presents fairly, in all material respects, the financial position 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 2022

Valuation of Property, plant and equipment

The Company revalued its property, plant and equipment with a carrying amount of ZWL$ 67.3 billion (2021: ZWL$44 billion) as at December 31, 2022. The Company engaged an external professional valuer to determine fair values of its Property, plant and equipment as at December 31, 2022. The asset valuation was performed in United States Dollar (USD), using USD denominated inputs, assumptions, bases of valuation and using the market approach. The Company translated the USD values to ZWL$ using the Reserve Bank of Zimbabwe auction exchange rate as at December 31, 2022, in arriving at the fair values of the valued items. The values did not meet the requirements of 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 transactions would occur.

Opinion 2023

In my opinion, the financial statements present fairly, in all material respects, the financial position of Petrozim Line (Private) Limited as at December 31, 2023 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. Internal control assessment over preparation of financial statements

Finding

The Company’s internal controls over preparation of financial statements, revenue collection, expenditure payments and cashbooks were not adequately subjected to review by internal audit during the year. As a result, system processing errors could not be detected and corrected on time. I was also not availed with audit evidence to support that reconciliations were being prepared and reviewed on time. An inspection of the resources for this department revealed that there were only three personnel in the Internal Audit Department which were not adequate considering the size of the NOIC Group.

Risk / Implication

Material irregularities may not be detected and corrected on time.

Recommendation

The Company should provide the internal audit function with adequate resources to carry out their mandate.

Management response

Due to the nature of operations on reporting on the first quarter which is mainly done between February and March of any financial year, there will not be much coverage of that particular year. To address the discrepancy internal audits will restructure its field work approach and have two audits in a particular year to subject a much more sizable amount of transactions to internal audits. Resources will be addressed for adequacy in light of the increased coverage.

1.2. Audit committee composition

Finding

The Chairperson of the board was also a member of the audit committee. As a result, there was no separation of reporting roles. This was contrary to the requirements of Section 119 (a) of the Public Entities Corporate Governance Act [*Chapter 10:31*] which requires that the chairperson of the board should not be a member of the audit committee or its chairperson.

Risk / Implication

Oversight role of the Board may be compromised.

Recommendation

Management should ensure compliance with the provisions of Section 119 (a) of the Public Entities Corporate Governance Act**.**

Management response

The Audit Committee had been constituted at NOIC level to oversee the matters handled through the Committee for the group, owing to the limited number of members on the PZL Board. However, with the recent appointment of more members onto the Board, the composition of the Committee will be reviewed accordingly.

1.3. Valuation of property, plant and equipment

Finding

The Company revalued its property, plant and equipment with a carrying amount of ZWL$ 67.3 billion (2021: ZWL$ 7.9 billion) as at December 31, 2022. The valuation of property, plant and equipment was performed in USD, and converted the USD values to ZWL$ using the interbank exchange rate as at December 31, 2022 to arrive at the fair value. This was contrary to the requirements of International Financial Reporting Standard (IFRS) 13 - “Fair Value Measurement” in that it did not meet the definition of fair value. The ZWL$ price derived from translating the USD values may not be representative of the price at which a ZWL$ denominated transaction would occur.

Risk/ Implication

Misstatement of financial statements.

Recommendation

The Company should comply with the requirements of International Financial Reporting Standard (IFRS) 13 “Fair Value Measurement”.

Management response

The company has taken note of the IFRS 13 - “Fair Value Measurement” in the revaluation of the Property, plant and equipment as at December 31, 2022, through the working papers that were used by Crusader Real Estate Consultancy as the registered professionals in the realm of real estate. The prices were quoted in the USD as a more reflective stable currency at the time of revaluation. Had it been that the company was reporting in USD currency, suffice to say that IFRS 13 - “Fair Value Measurement” would have been fulfilled forthwith since most of the imported items had an active market in the USD currency where the quoted prices were actively reflected in line with level 1 of IFRS 13 - “Fair Value Measurement” with unadjusted quoted prices. To fulfil our requirement to report in ZWL$ the auction rate was then used to reflect level 2 of IFRS 13 - “Fair Value Measurement”. The auction rate was used as a true reflection of the market on commodities since it involved buyers and sellers. This was so because of the unstable movements in the local currency that had already triggered the implementation of IAS 29 – “Financial Reporting in Hyperinflationary Economies”.

1.4. Withholding tax

Finding

The Company was not deducting and remitting withholding tax when settling amounts owed to suppliers without valid tax clearance certificates. This was in contravention of the provisions of section 80 (2) of the Income Tax Act [*Chapter 23:06*] which requires paying officers to withhold twenty per centum of each amount payable to the payee without valid tax clearance certificates.

Risk / Implication

Financial loss due to penalties for non-compliance.

Recommendation

The Company should withhold and remit tax on payments to suppliers without valid tax remittance certificate in line with the requirements of Income Tax Act [*Chapter 23:06*].

Management response

Appropriate measures shall be implemented to ensure that no supplier shall be paid without the adequate documents. A tick-box system shall be used as a standard during payment where all the necessary documents will be checked, particularly the validity period.

2. MANAGEMENT OF ASSETS

2.1. Board of Inquiry for accident damaged vehicles

Finding

The Company's transport policy did not provide adequate guidance on procedures to be done in case of vehicle involved in accidents. The policy was not aligned to Section 103 of the Public Finance Management Regulations which requires a Board of Inquiry to be conducted within 14 working days after receiving all accident-related documents. As a result, the Company did not convene boards of inquiry for eight (8) vehicles that were involved in accidents during the year under review.

Risk / Implication

Financial loss due to delays on convening board of inquiries.

Recommendation

The Company's transport policy should be aligned with the laws and regulations.

Management response

The process of appointing members to the standing committee that shall be responsible for convening all Board of Inquiries was completed. Board of Inquiry meetings are scheduled to be convened by June 30, 2024 for all 2023 accidents, and thereafter as per prescribed timelines.

3. PROCUREMENT OF GOODS AND SERVICES

3.1. Declaration of interests by procurement evaluation team

Finding

There was no evidence to support that members of the evaluation committee were declaring their interest when evaluating bids, contrary to the Public Procurement and Disposal of Public Assets Act [*Chapter 22:23*] Section 71 (2) (d).

Risk / Implication

Irregular purchases may go undetected.

Recommendation

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

Management response

All staff involved in the procurement process have declared their interests through a standard undertaking form from PRAZ at inception. From May 2024 onwards, members of the procurement committee are now required to sign the appropriate declaration forms per each particular procurement evaluation.

4. 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 followed up on three (3) findings which were outstanding from my 2021 report. One (1) finding was addressed while the other two (2) audit findings were partially addressed as indicated below;

4.1. Board composition

The finding was addressed. Two female Board members were appointed by the Shareholder.

4.2. Outstanding loans

The finding was partially addressed. The loan was not repaid. The Company wrote to the Ministry of Finance, Economic Development and Investments Promotion in March 2024 requesting approval to settle the loan with the Ministry in United States dollars.

4.3. Prepayments to suppliers

The finding was partially addressed. Out of the five suppliers, the Company received property for the outstanding amount owed by one of the supplier. One of the suppliers is still being pursued and has promised to deliver the spares. The Board approved writing off of amounts owed by the other three suppliers.

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, 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 Printflow (Private) Limited as at December 31, 2022, and of 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) 13 - "Fair Value Measurement"

The Company engaged a valuer to value its property, plant and equipment and investment property. The values were determined in USD and translated to ZWL$ using the interbank rate as at December 31, 2022. The translated ZWL$ values were not in compliance with IFRS13 - "Fair Value Measurement" and did not reflect the assumptions that market participants would apply in valuing similar items of property, plant and equipment and investment property in ZWL$. International Financial Reporting Standard (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). I could not determine the extent of misstatement and adjustment necessary.

Below are other material issues noted during the audit;

1. GOVERNANCE ISSUES

1.1. Statutory obligations

Finding

Clients were not settling debts on time and as a result the Company was failing to settle statutory deductions to National Social Security Authority (NSSA) and Zimbabwe Revenue Authority (ZIMRA) within the stipulated timelines. The Company owed a total of ZWL$11. 08 million for ZIMRA and NSSA as at December 31, 2022.

Risk / Implication

Financial loss due to fines and penalties that may be levied.

Recommendation

The Company should enhance its revenue generation strategies to improve its cash flows.

Management response

Financial constraints are the major reason for delayed statutory payments. In 2022 due diligence was introduced in the payment processes on a government wide basis. This resulted in delayed payments as MDAs including Printflow, had to adjust to the new requirement. There were therefore delays spilling into 2023 of nonpayment by government MDAs who are the company's major customers. At the same time, the company had to continue as per its mandate prioritizing supplying critical government printed matter at the expense of statutory obligation remittances. However, there was an improvement in meeting our statutory obligations following improved government payment cycles upon invoicing with statutory obligations within the current to 90 days outstanding days as at end of 2023.

1.2. Valuation of assets

Finding

The Company engaged a valuer to value its property, plant and equipment and investment property. The values were determined in USD and translated to ZWL$ using the interbank exchange rate as at December 31, 2022. The translated ZWL$ values were not in compliance with IFRS 13 - "Fair Value Measurement" and did not reflect the assumptions that market participants would apply in valuing similar items of property, plant and equipment in ZWL$.

Risk / Implication

Misstatement of financial statements.

Recommendation

The Company should comply with International Financial Reporting Standard (IFRS) 13- "Fair value Measurement" when valuing its assets.

Management response

Printflow (Private) Ltd management complied with the requirements of International Financial Reporting Standard (IFRS) 13 - "Fair Value Measurement" in the sense that, the valuer according to his report followed all expectations of IFRS13 including ensuring fair values as the price that would be received to sell an asset or paid to transfer liability in an orderly transaction between market participants at the measurement date (exit price). Printflow (Pvt) Ltd determines its market as the official market which is controlled by the Central Bank and the Company participated on this official market. To management's knowledge the valuer determined the fair values in ZWL$ as we maintain our asset register to date in ZWL$ and the ZWL$ is the Company's official reporting currency. The presented revaluation report is in both the ZWL$ for reporting purposes and converted to USD using official rates as per management request for their decision own use.

According to the revaluation report the valuer is fully aware of the IFRS 13 expectations as highlighted under items 3 to 5, scope of inquiries and investigations, valuation approaches and definitions respectively.

Management considers itself to have complied with the requirements of IFRS 13 in the revaluation of the Company's Property, Plant and Equipment and Investment Property.

Auditor's evaluation

Although management indicated that valuation report was presented in ZWL$ for reporting purposes, I was not availed with ZWL$ valuation report for Property, plant and equipment and Investment property with details of ZWL$ input applied to the valuation process.

2. PROCUREMENT OF GOODS AND SERVICES

2.1. Management of contracts

Finding

The Company paid ZWL$ 16.4 million in advance for the supply of digital spine taping machine on November 30, 2022. The terms of the contract were that the machine should be delivered within 30 days. However, the machine was not delivered as at December 31, 2022 and the Company cancelled the contract but the advance payment had not been received.

Risk / Implication

Financial loss due to uncollectable debts and this may affect service delivery.

Recommendation

The Company should follow up with the supplier to recover the outstanding debt.

Management response

The equipment paid for to the supplier cannot be delivered following cancellation of the order after the supplier failed to deliver the equipment. Upon cancellation, the debt was converted and agreed with the supplier to be USD18 422 to preserve value. The supplier has since paid back USD9 232 leaving a balance of USD9 190 as at March 31, 2024.

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

The Company did not make progress in addressing audit findings that I raised in my 2021 and 2022 annual reports. I raised one (1) audit finding in the 2022 annual report and followed up on one (1) finding outstanding in my 2021 annual report. One (1) finding was partially addressed while the other finding was not addressed as indicated below;

3.1. Prepayments

The finding was not addressed. The Company continued to pay advance payments to suppliers who do not deliver. In the current year, the Company paid ZWL$ 16.4 million in advance for the supply of digital spine taping machine of which the supplier did not deliver.

3.2. Employment contract

The finding was partially addressed. The Company now has a Board and all key vacant positions are being filled after Board consideration.

Background Information

Zimbabwe Post Properties (Private) Limited is a real estate company that provides dynamic property solutions to today's customers. It was incorporated in terms of the Companies and Business Entities Act [*Chapter 24:31*].

I have audited the financial statements of Zimbabwe Post Properties (Private) limited for the years ended December 31, 2017 and 2018 and I issued a Disclaimer of Opinion on both years.

Disclaimer of Opinion 2017

I do not express an opinion on the financial statements of the Zimbabwe Post Properties (Private) limited as at December 31, 2017. 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 Opinion

i. Limitation of scope of journal entry testing

Management failed to provide supporting documentation for journal entries selected for testing for the year ended December 31, 2017. I was therefore unable to perform all the planned audit procedures on the journal entries to obtain sufficient appropriate evidence to support the recording of these entries.

I was thus unable to conclude whether the possible effects on the Company's financial statements of any undetected misstatements related to the journal entries, if any, could have been material and pervasive. I was unable to obtain sufficient and appropriate audit evidence to serve as a basis for an audit opinion.

ii. Unsupported adjusting journals

Amounts presented in the financial statements did not reconcile with the underlying general and subsidiary ledgers that were provided for audit. The Company did not follow system laid out year-end procedures to correctly rollover 2016 audited balances into the new financial year. Rather, management created new general ledger codes and manually input opening balances which resulted with incorrect amounts being carried forward from the year 2016 into 2017. Consequently, current year trial balance and financial statements tie-in differences could not be reconciled with accuracy by management and remained unresolved. In addition, the differences also originated from unsupported journal entries passed by management during the audit.

Accordingly, I was unable to conclude whether the possible effects on the Company's financial statements of any undetected misstatements related to the affected financial statements lines, if any, could have been material and pervasive. I was unable to obtain sufficient and appropriate audit evidence to serve as a basis for an audit opinion.

iii. Absence of trade receivables third-party confirmations

There were no responses from third-party customers for the trade receivable balances as at year-end. Subsequent receipts provided were inadequate to cover the closing balances at December 31, 2017. The total of unverified receivables amounts to USD3.3 million which represents all of the receivables balance with the exception of related party balances.

Accordingly, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. I was unable to determine whether any adjustments might have been found necessary in respect of recorded or unrecorded trade and other receivables and the elements making up the statement of comprehensive income, statement of changes in equity and statement of cash flows.

iv. Absence of trade payables third-party confirmations

There were no responses from some third-party suppliers for the trade payable balances as at year-end. No alternative supporting documents were provided for these balances. The total of unverified balances amounts to USD 2.4 million which represented all the trade and other payables balance as of December 31, 2017.

Accordingly, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. I was unable to determine whether any adjustments might have been found necessary in respect of recorded or unrecorded trade payables and the elements making up the statement of comprehensive income, statement of changes in equity and statement of cash flows.

v. Limitation of scope on litigations and claims against the entity

There was no response from one of Company's lawyers regarding claims and possible claims with respect to which their advice or representation was sought during the period January 1, 2017 to December 31, 2017. Accordingly, I have not been able to obtain sufficient appropriate audit evidence regarding completeness of provisions recognised and the related disclosures that might have been essential to fully comply with the requirements of International Accounting Standard (IAS) 37- "Provisions, Contingent Liabilities and Contingent Assets" to provide a basis for an audit opinion.

vi. Contingent liability relating to the pension fund deficit

The Company contributed to a defined benefit pension fund. This pension fund is a multi-employer fund and currently has a deficit of USD37.8 million The Company's portion of this deficit has not yet been determined. I was therefore unable to ascertain the impact of this deficit on the Company including its impact on the financial statements.

Disclaimer of Opinion 2018

I do not express an opinion on the financial statements of the Zimbabwe Post Properties (Private) limited as at December 31, 2018. 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 2018

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

The Company transacted using a combination of United States Dollars (USD), bond notes and bond coins. Shortage of USD cash, other foreign currencies, bond notes and bond coins 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. The RTGS system was employed as a mode of electronic settlement, intended to be representative of physical currency. During the year there was a significant divergence in market perception of the relative values between bond notes, bond coins, mobile money settlements and RTGS settlements in comparison to the USD.

In October 2018, banks were instructed by the Reserve Bank of Zimbabwe ("RBZ") to separate and create distinct bank accounts for depositors, namely, Real Time Gross Settlement Foreign Currency Account (RTGS FCA) and Nostro Foreign Currency Account (Nostro FCA). This resulted in a separation of transactions on the local RTGS payment platform from those relating to foreign currency.

As a result of this separation, there was an increase in multi-tier pricing practices by suppliers of goods and services, indicating a significant difference in purchasing power between the RTGS FCA and Nostro FCA balances, against a legislative framework mandating parity. These events were indicative of economic fundamentals that would require a reassessment of the functional currency as required by International Accounting Standard (IAS) 21- "The Effects of Changes in Foreign Exchange Rates". As a result of these factors, the Directors performed an assessment on the functional currency of the Company in accordance with IAS 21- "The Effects of Changes in Foreign Exchange Rates" and acknowledged that the functional currency of the Company was no longer USD.

Subsequent to year-end, a currency called the RTGS Dollar was legislated through Statutory Instrument 33 of 2019 ("SI 33/19") with an effective date of February 22, 2019. In addition, SI 33/19 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. The rate of 1:1 was consistent with the rate mandated by the RBZ at the time it issued the bond notes as currency.

The Company acknowledged that there was a functional currency change and that the rates of exchange rate between the USD and local currency was not 1:1, they have maintained their functional currency as the USD and have presented the financial statements in USD using an exchange rate of 1:1, in compliance with SI 33/19. 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 accompanying 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 pervasive. The financial effects on the financial statements of this departure have not been determined.

ii. Failure to recognise allowance for expected credit losses

The Company held gross trade and other receivables amounting to USD5.8 million as at December 31, 2018. Management failed to provide evidence on how the Company adopted and implemented IFRS 9- "Financial Instruments" to determine the loss allowance for expected credit losses as required by IFRS 9- "Financial Instruments" paragraph 5.1.1. Rather, management maintained prior year provision for bad debts amounting to USD1.1 million which was premised on the principles of IAS 39- "Financial Instruments" Recognition and Measurement. In addition, this implied that the disclosure requirements of IFRS 7 Financial Instruments: Disclosures were not complied with. Therefore, I have not been able to determine adjustments that might have been necessary in respect of net values of Debentures and Trade and other receivables and the elements making up the statement of comprehensive income, statement of changes in equity and statement of cash flows.

iii. Limitation of scope of journal entry testing

Management failed to provide the supporting documentation for journal entries selected for testing for the year ended December 31, 2018. I was therefore unable to perform all the planned audit procedures on the journal entries to obtain sufficient appropriate evidence to support the recording of these entries.

I was thus unable to conclude whether the possible effects on the Company's financial statements of any undetected misstatements related to the journal entries, if any, could have been material and pervasive. I was unable to obtain sufficient and appropriate audit evidence to serve as a basis for an audit opinion.

iv. Unsupported adjusting journals

Amounts presented in the financial statements did not reconcile with the underlying general and subsidiary ledgers that were provided for audit. The Company did not follow system laid out year-end procedures to correctly rollover 2016 audited balances into the new financial year. Rather, Management created new general ledger codes and manually input opening balances which resulted with incorrect amounts being carried forward from the year 2016 into 2017 and carried over into 2018. Consequently, current year trial balance and financial statements tie-in differences could not be reconciled with accuracy by management and remained unresolved. In addition, the differences also originated from unsupported journal entries passed by management during the audit.

Accordingly, I was unable to conclude whether the possible effects on the Company's financial statements of any undetected misstatements related to the affected financial statements lines, if any, could have been material and pervasive. I was unable to obtain sufficient and appropriate audit evidence to serve as a basis for an audit opinion.

My prior opinion was modified based on similar circumstances and due of the possible carryover effects in the current year's financial statements as well as comparability of current year's financial statements with that of prior year, I have also modified my current year's opinion on that basis.

v. Absence of trade receivables third-party confirmations

There were no responses from third-party customers for the trade receivable balances as at year-end. Subsequent receipts provided were inadequate to cover the closing balances at December 31, 2018. The total of unverified receivables amounts to USD3.5 million which represents all of the receivable balance with the exception of related party balance.

Accordingly, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. I was unable to determine whether any adjustments might have been found necessary in respect of recorded or unrecorded trade and other receivables and the elements making up the statement of comprehensive income, statement of changes in equity and statement of cash flows.

My prior opinion was modified based on similar circumstances and due of the possible carryover effects in the current year's financial statements as well as comparability of current year's financial statements with that of prior year, I have also modified my current year's opinion on that basis.

vi. Absence of trade payables third-party confirmations

There were no responses from some third-party suppliers for the trade payable balances as at year-end. No alternative supporting documents were provided for these balances. The total of unverified balances amounts to USD2.2 million which represents all the trade and other payables balance as of December 31, 2018. Accordingly, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. I was unable to determine whether any adjustments might have been found necessary in respect of recorded or unrecorded trade payables and the elements making up the statement of comprehensive income, statement of changes in equity and statement of cash flows.

My prior opinion was modified based on similar circumstances and due of the possible carryover effects in the current year's financial statements as well as comparability of current year's financial statements with that of prior year, I have also modified my current year's opinion on that basis.

vii. Limitation of scope on litigations and claims against the entity

There was no response from one of Company's lawyers regarding claims and possible claims with respect to which their advice or representation was sought during the period January 1, 2018 to December 31, 2018. Accordingly, I have not been able to obtain sufficient appropriate audit evidence regarding completeness of provisions recognised and the related disclosures that might have been essential to fully comply with the requirements of International Accounting Standard (IAS) 37- "Provisions, Contingent Liabilities and Contingent Assets" to provide a basis for an audit opinion.

My prior opinion was modified based on this matter and due of the possible carryover effects in the current year's financial statements as well as comparability of current year's financial statements with that of prior year, I have also modified my current year's opinion on that basis.

viii. Contingent liability relating to the pension fund deficit

The Company contributed to a defined benefit pension fund. This pension fund is a multi-employer fund and currently has a deficit of USD37.8 million The Company's portion of this deficit has not yet been determined. I am therefore unable to ascertain the impact of this deficit on the company including its impact on the financial statements.

My prior opinion was modified based on similar circumstances and due of the possible carryover effects in the current year's financial statements as well as comparability of current year's financial statements with that of prior year, I have also modified my current year's opinion on that basis.

Below are other material issues noted during the audit;

1. GOVERNANCE ISSUES

1.1. Supporting documents

Finding

The Company could not provide the supporting documentation in the form of invoices. The system used to generate these invoices crushed and they could not recover the data. As part of the alternative procedures, I then requested for subsequent receipts for testing. I could not obtain the receipts as the customers did not pay back the amounts owing.

Risk / Implication

Misstatement of financial statements.

Recommendation

The Company should have a backup system in order to recover lost data in case of a disaster.

Management response

We have engaged the service provider based in South Africa to provide the billing system to address the issue of invoices. The Company had failed to pay the licence fees for the system and the service was terminated.

1.2. Prior period errors

Finding

There were instances where errors that have been made in the billing system which affected prior periods as far as 2015 were reversed in the current financial year affecting the revenue figures for the year. Post properties did not apply IAS 8– "Changes in Accounting policies, Accounting Estimates and Errors in accordance with the Standard.

Risk / Implication

Misstatement of financial statements.

Recommendation

The Company should comply with International Accounting Standard (IAS) 8 – "Changes in Accounting policies, Accounting Estimates and Errors".

Management response

Noted, International Accounting Standard (IAS) 8 – "Changes in Accounting policies, Accounting Estimates and Errors" will be applied in future to correct prior errors.

1.3. Supporting documents for accrued balances

Finding

I was not able to obtain third party confirmations of accrued balances due to non-response of the confirmations letters sent, vendors no longer operational, vendors' inability to confirm due to extended lapse of time. I could not perform planned alternative audit procedures of validating accruals through subsequent payments or vendor statements. This was because management did not provide detailed vendor statements and subsequent payments post year end were not sufficient to validate existence and accuracy of the recorded amounts.

Risk / Implication

Accruals may be recorded at incorrect amounts and may not exist.

The Company could also be charged penalties by the Zimbabwe Revenue Authority for failing to keep records as required by Section 37B of the Income Tax Act [*Chapter 23:06*].

Recommendation

Management should keep complete accounting records as required by Section 37B of the Income Tax Act [*Chapter 23:06*]

Management response

This was a provision which we had provided for security services which was being offered by ZRP. But, ZRP terminated the services so we reversed the provision in 2019.

1.4. Expected credit loss

Finding

I was not availed with evidence on how the Company adopted and implemented IFRS 9- “Financial Instruments” to determine allowance for expected credit losses. Management maintained prior year provision for bad debts amounting to $1.1 million which was based on repealed principles of IAS 39- “Financial Instruments: Recognition and Measurement”. In addition, the disclosure requirements of IFRS 7 - “Financial Instruments: Disclosures” were affected.

Risk / Implication

Misstatement of financial statements.

Recommendation

The Company should review its accounting policies in line with the changes in International Financial Reporting Standards.

Management response

Noted, we will seek professional advice.

Background Information

Powertel Communications (Private) Limited was established 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.

I have audited the financial statements of Powertel Communications (Private) Limited for the year ended December 31, 2022 and I issued a Qualified Opinion with a report on going concern.

Qualified Opinion

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

Basis for Qualified Opinion

Valuation of Property, plant and equipment

The Company translated the carrying amount of the USD valuation of its Property, plant and equipment as at December 31, 2022 to ZWL$ using the interbank exchange rate. The valuations were determined in USD using the December 31, 2019 revaluation results carried out by independent valuers. These values were subsequently depreciated on an annual basis and then translated to ZWL$ using the interbank exchange rate of the Reserve Bank of Zimbabwe as at December 31, 2022. The translated ZWL$ fair values were not in compliance with IFRS 13 - “Fair value Measurement” as they did not reflect the assumptions that market participants would apply in valuing similar items of Property, plant and equipment in ZWL$. The non-compliance was considered material but not pervasive.

Report on going concern

I draw your attention to the fact that the Company recorded a loss of ZWL$ 5.8 billion for the year ended December 31, 2022 (2021: ZWL$ 1.9billion). In addition, the Company’s current liabilities exceeded its current assets by ZWL$ 4.7 billion (2021: ZWL$ 630 million). These conditions indicate the existence of 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. Service level agreement

Finding

The Company’s internal controls over the management of contracts was not effective during the period. As a result, there was no valid service level agreement between the Company and Zimbabwe Electricity Transmission and Distribution Company (ZETDC) on the use of ZETDC internet lines. The agreement expired in 2020.

Risk / Implication

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

Recommendation

Management should expedite the finalisation of the agreement between ZETDC and Powertel.

Management response

The observation has been noted. The Service Level Agreement between ZETDC and Powertel expired in 2020 and management is crafting the Service Level Agreement with ZETDC.

1.2. Valuation of Property, plant and equipment

Finding

The Company translated the carrying amount of the USD valuation of its Property, plant and equipment as at December 31, 2022 to ZWL$ using the auction rate. The valuations were determined in USD using the December 31, 2019 revaluation results carried out by independent valuers. These values were subsequently depreciated on an annual basis and then translated to ZWL$ using the auction rate of the Reserve Bank of Zimbabwe as at December 31, 2022. Although the determined USD values reflected the fair values of the Property, plant and equipment in USD, the translated ZWL$ fair values were not in compliance with the fair value principles as defined with IFRS 13 - "Fair value Measurement".

Risk / Implication

Misstatement of property, plant and equipment.

Recommendation

Management should comply with the requirements of the Accounting Standard.

Management response

Management will ensure revaluation of assets will comply with IFRS 13 by comparing management's assumptions for reasonableness to third-party reports, market research, third-party vendor databases, and financial statements of similar companies

1.3. Sustainability of services

Finding

The performance of the Company reflected a loss of ZWL$5.8 billion for the year ended December 31, 2022 (2021: ZWL$1.9 billion). As at December 31, 2022, the Company's current liabilities exceeded its current assets by ZWL$ 4.7 billion (2021: ZWL$ 630 million).

Risk / Implication

Failure to meet short term financial obligations as they become due.

Recommendation

Management should put in place measures or strategies to mitigate going concern issues.

Management response

The ability of the Company to continue as a going concern is dependent upon trading profitably in the future. Management has put the following mitigation factors to ensure that the entity will continue to operate as a going concern. The Company is pursuing a number of funding initiatives that will release finances and improve the company's operations. These funding initiatives are being guaranteed by ZESA Holdings and the processes are now at an advanced stage.

The Company is pursuing funding for other projects through concessional funding being sought from an international financial institution. This again is at an advanced stage. The company is in the process of growing its mass-market sector by procuring an LTE platform. The LTE wireless network will support mobile internet, mobile VoIP, and fixed wireless connectivity. This will result in improved network cover and quality resulting in improved revenues. It is on this basis that the directors believe that the Company will continue to operate as a going concern.

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

The Company made a slight progress in addressing audit findings that I raised in my 2022 annual report. I raised two (2) audit findings in the 2022 annual report and all the findings were partially addressed indicated below;

2.1. Data revenue usage reports

The finding was partially addressed. Management has put to tender for a new automation system which will be able to perform various activities including report generation, link tracing and usage analysis.

2.2. Billing system

The finding was partially addressed. Manual reconciliations are being done, however, the Company is now working on procuring a Software Defined Wide Area Network (SDWAN) solution and a telco-grade billing system in order to automate provisioning.

Background Information

Sabi Gold Mine (Kimberworth Investments) (Private) Limited was established in terms of Companies and Other Business Entities Act [*Chapter 24:31*]. The Company is wholly owned by Zimbabwe Mining Development Corporation (ZMDC). The Company trades as Sabi Gold Mine.

I have audited the financial statements of the Kimberworth Investments (Private) Limited for the years ended December 31, 2022 and 2023. I issued an unmodified / clean opinion for both years with report on going concern for 2023.

Opinion 2022

In my opinion, the financial statements present fairly, in all material respects, the financial position of Kimberworth Investments (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).

Opinion 2023

In my opinion, the financial statements present fairly, in all material respects, the financial position of Kimberworth Investments (Private) Limited as at December 31,2023 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Report on going concern

I draw attention to the fact that the Company incurred a net loss of ZWL$ 445.6 million for the year ended December 31, 2023. The Company's current liabilities exceeded its current assets by ZWL$ 896.2 million as at December 31, 2023. These conditions indicate that a material uncertainty exists 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 Sustainability of operations

Finding

The Company's source of income was only management fees and judicial management fees expenses were being financed by management fees income. The expenses were higher than the management fees received resulting in a net loss of ZWL 445.6 million for the year ended December 31, 2023. In addition, the Company's current liabilities exceeded its current assets by ZWL$ 896.2 million as at December 31, 2023.

Risk / Implication

There is risk that Kimberworth may remain under judicial management indefinitely.

Recommendation

The Company should come up with strategies to improve its cash flows.

Management response

The Company has been granted Exit from judicial management and the 2023 judicial management fees were the final fees to be levied to the company. No Judicial Management fees will be charged with effect from 1 January 2024.

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

I followed up on one (1) finding which I raised in my 2021 annual report and the status is as indicated below;

2.1 Tax on housing benefit

The status of this finding is still being followed up as the Company entered into a joint venture with another partner and all assets and liabilities were transferred to the joint venture.

Background Information

Sunway City (Private) Limited was established in terms of Companies and Other Business Entities Act [*Chapter 24:31*]. The mandate of the Company is to develop a Special Economic Zone (SEZ) and it offers products that include residential stands, commercial stands, industrial stands, institutional stands and rental space.

I have audited the financial statements of Sunway City (Private) Limited for the year ended December 31, 2022 and 2023 and I issued a Qualified Opinion for both years.

Qualified Opinion 2022

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 Sunway City (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

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”.

Opening balances

An adverse opinion was issued on the financial statements for the year ended December 31, 2021. This was due to the use of foreign currency exchange rates that were not considered to be appropriate spot rates for translation of foreign currency denominated transactions and balances as required by IAS 21- “The Effects of Changes in Foreign Exchange Rates” paragraph 8 and its consequential effects on the hyperinflationary adjustments made in terms of IAS 29- “Financial Reporting in Hyperinflationary Economies”. 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”, the retained earnings as at December 31, 2022 may contain misstatements. As a result, my opinion on the current year financial statements is modified because of the possible residual effects of the non-compliance with IAS 21– “The Effect of Changes in Foreign Exchange Rates”. The effects of this non-compliance were considered material but not pervasive to the financial statements.

Qualified Opinion 2023

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 Company as at December 31, 2023, 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 functional currency of Sunway City (Private) Limited is the Zimbabwean Dollar (ZWL$). In the year 2023, the Company conducted transactions in United States Dollars. The interbank rate was used in the current year as the spot rate to translate these transactions into ZWL$. However, it should be noted that the interbank rate does not meet the definition of a spot exchange rate as per the requirements of International Accounting Standard (IAS) 21 - "The Effects of Changes in Foreign Exchange Rates". The spot exchange rate is the rate for immediate delivery of currency. No assessment of the spot exchange rate and the potential impact of any differences was made. As a result, I was unable to determine whether the financial statements for the current period would have been materially different had such an assessment been conducted.

I made a follow up on findings raised in my 2021 annual report and below is the status;

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

The Company has addressed the audit finding that I raised in my 2021 annual report indicated below;

1.1 Key vacant posts

The finding was addressed. The vacant posts for Chief Executive Officer, Human Resources Officer and Finance and Administration manager were all filled.

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 entity whose main business is for the provision of telecommunication services and products.

I have audited the financial statements of TelOne (Private) Limited for the year ended December 31, 2023 and I issued an unmodified / clean opinion with an emphasis of matter 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, 2023 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Emphasis of matter

i. Joint arrangement

I draw your attention to the fact that TelOne (Private) Limited entered into a joint arrangement with other two partners for the formation of Zimbabwe Information Technology Company (ZITCO) to manufacture computers. As at December 31, 2023 the manufacturing plant had not been operating. TelOne (Private) Limited had been meeting operational costs including salaries and allowances for the workers assigned under ZITCO and capitalizing these cost as investment in ZITCO. My opinion was not modified in respect of this matter.

ii. Material uncertainty related to going concern

I further draw your attention to the fact that the Company incurred losses amounting to ZWL$ 1.18 trillion (2022: ZWL$ 538.4 billion) for the year ended December 31, 2023. The Company has significant legacy loans and borrowings amounting to ZWL$ 3.18 trillion (2022: ZWL$ 1.61 billion) which includes principal plus interest accruals that were in default. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. My opinion was not modified in respect of this matter.

Below are material issues noted during the audit;

1. GOVERNANCE ISSUES

1.1 Lease management

Finding

The Company`s accounting processes and procedures were not comprehensive enough to provide guidance for lease management. As a result, the Company lease agreements were not regularly reviewed in line with economic conditions for instance there were tenants whose leases were still pegged at ZWL$ 50 000 for 150 square meters per month.

Risk / Implication

Financial loss due to charges that are below market rates.

Recommendation

The Company should regularly review its rentals to ensure that they are reasonable and are at arm's length.

Management response

Observation noted. Reviews will be done, one of the tenants had not been reachable for the greater part of the time and the lease is set to be terminated at its expiry on the May 31, 2024.

1.2 Operating procedures manual

Finding

The Company did not have a standard operating procedures manual for the Centre for learning to enhance internal controls. This was contrary to the requirements of Public Finance Management Act [*Chapter 22:19*] section 14 (1) which requires the Accounting Officer to maintain effective internal controls.

Risk / Implication

Inconsistences in the treatment of transactions.

Recommendation

Management should consider to develop standard operating procedures manual that covers all key activities for the Centre.

Management response

The observation is noted. The TelOne Centre For Learning (TCFL) is developing relevant policies and Standard Operations Procedures for the institution. Plans are to have policies signed by the Board by the end of Q2, 2024.

2. PROCUREMENT OF GOODS AND SERVICES

2.1 Payroll service level agreement

Finding

The Company entered into a contract with a service provider in 2017 for its executive payroll administration for a monthly fee of US$3 097 for an indefinite period. This was contrary to the Public Procurement and Disposal of Public Assets Act [*Chapter 22:23*] section 78 which requires the contract period to be specified.

Risk / Implication

Locking service providers does not promote competition and fairness under procurement regulations.

Recommendation

The Company should review the contract timeframes.

Management response

Management has noted the audit finding for the timeframe reviews which will be included in the addendum to the contract.

3. MANAGEMENT OF ASSETS

3.1 Asset register

Finding

The Company's assets at Centre for Learning and some of the Exchange stations visited were not numbered. This was contrary to the finance policy section 3.5 on Asset Management which requires assets to be numbered. As a result, I was unable to trace twenty (20) IT equipment, thirty-seven (37) Furniture and fitting equipment from the physical item to the asset register.

Risk / Implication

Misappropriation of assets may go undetected.

Recommendation

The Company should number or tag all assets.

Management response

Observation noted. The assets have been tagged and the inventory lists have been updated during the 2023 Audit.

4. PROGRESS TOWARDS IMPLEMENTATION OF PRIOR YEAR AUDIT RECOMMENDATIONS

The Company made progress in addressing audit findings raised in my 2021 and 2022 annual reports. I raised four (4) findings in my 2022 annual report and followed up on five (5) audit findings outstanding in my 2021 annual report. Seven (7) audit findings were partially addressed and two (2) audit findings were not addressed as indicated below;

4.1 Foreign legacy loans

The finding was partially addressed. Engagement is continuously being done with Ministry of Finance, Economic Development and Investment Promotion and Parent Ministry to facilitate warehousing of legacy loans.

4.2 Copper cables

The finding was partially addressed. Management continuing to look for capital from the shareholder and private financiers to expedite the migration from copper to modern technologies.

4.3 Motor vehicles

The finding was partially addressed. The Company has plans in place to recapitalise its transport fleet and dispose aged fleet. During 2023, the Company procured 15 Isuzu single cabs, 23 NP200 in 2023 and disposed 53 aged vehicles.

4.4 Maintenance of buildings

The finding was partially addressed. Non-functional sewer systems for houses in Mashava and

Mwenezi were being rehabilitated and the expected completion of rehabilitation was April 30, 2024.

4.5 Debtors

The finding was not addressed. Debts were still outstanding and the balances owed by major market segments of government, wholesale and parastatals remained too high, accounting for a combined 83% of total receivables. TelOne continues to implement an intense and consistent recovery strategy against its long outstanding receivables.

4.6 Service provision

The finding was partially addressed. The Company continue to pursue upgrade of systems, which is ongoing and requires a lot of capital injection, in foreign currency.

4.7 Investment in joint arrangements

The finding was not addressed. Shareholder agreement with other partners had not been finalized and board appointments were still in progress as at year end.

4.8 Motor vehicle fleet

The finding was partially addressed. The Company purchased additional 38 vehicles and disposed 53 vehicles but still has vehicles in use for over 20 years.

4.9 Foreign creditors

The findings was partially addressed. The Company has managed to reduce debt by paying the foreign creditors USD 12.9 million in 2023.

Background Information

The Urban Development Corporation was incorporated in terms of the Urban Development Corporation Act [*Chapter 29:16*]. The Corporation is mandated to spearhead harmonized and affordable housing delivery and infrastructure development.

I have audited the financial statements of the Urban Development Corporation for the years ended December 31, 2021 and 2022 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 financial statements do not present fairly, in all material respects, the financial position of Urban Development Corporation 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 Adverse Opinion 2021

i. Non- compliance with International Accounting Standard (IAS) 40 – “Investment property”

The Corporation owns a portfolio of investment properties, comprising commercial properties in Chitungwiza, Gokwe and Gutu with a carrying amount of ZWL$59 million (2020: ZWL$37.5 million). The properties in Gokwe and Gutu were not fair valued at the end of the year contrary to the requirements of International Accounting Standard (IAS) 40 – “Investment property” paragraph 33 and the Corporation’s accounting policy. Had the valuation been done, the investment properties value would have been significantly adjusted. I did not obtain any evidence supporting that the carrying amounts of the investment properties as presented in the financial statements represent the fair values of these properties at year end.

ii. 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.”

Opening balances

The prior year financial statements for the year ended December 31, 2020 had an Adverse opinion basing on non-compliance with the requirements of IAS 21, - “The Effects of Changes in Foreign Exchange Rates”. Due to this departure, the opening balances of assets and reserves as at January 1, 2021 contain misstatements that materially affected the current period’s financial statements. The effects of the misstatements were not adjusted in the current period in line with the requirements of IAS 8 – “Accounting Polices, Changes in Accounting Estimates and Errors.” I could not determine the extent of adjustments necessary.

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

The financial statements were adjusted of inflation in terms of IAS 29 – “Financial Reporting in Hyperinflationary Economies” based on misstated historical amounts. Consequently, the corresponding amounts in the prior year financial statements remain misstated and this also impacts current year figures. The comparability and misstatements’ effects have not been quantified. However, they have been determined to be material and pervasive given their nature and the impact.

Adverse Opinion 2022

In my opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion paragraph, the financial statements do not present fairly, in all material respects, the financial position of Urban Development 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 (IFRSs).

Basis of Adverse Opinion 2022

i. Non-compliance with International Financial Reporting Standard (IFRS) 13 - “Fair Value Measurement”

The Corporation owns a portfolio of investment property with a total carrying value of ZWL$428.6 million. The properties were revalued in United States Dollars (USD) and translated to Zimbabwean Dollars (ZWL$) using the interbank rate as at December 31, 2022. The assumptions applied on capitalisation rates, comparable sales values and rental rates in arriving at the fair values do not reflect the fundamentals (hyperinflation, currency risks, currency exchangeability, interest rates) applicable to ZWL$ transactions. In the current environment, it is not likely that the ZWL$ price derived from translating the USD value at the interbank rate would be the price at which a ZWL$ denominated transaction would occur. 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 material.

ii. 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”.

Opening balances

The prior year financial statements for the year ended December 31, 2021 had an Adverse Opinion based on improper application of International Accounting Standard (IAS) 21- “The Effects of Changes in Foreign Exchange Rates” and non-compliance with International Accounting Standard (IAS) 40 – “Investment property” on valuation of investment property. The opening balances for property, plant and equipment, leasehold improvements, intangible assets, investment property, development properties and reserves as at January 1, 2022 contained misstatements that materially affected the current period’s financial statements of the Corporation. These effect of the misstatements were not appropriately accounted for in the current year in line with the requirements of IAS 8 – “Accounting Polices, Changes in Accounting Estimates and Errors”.

The Corporation also applied International Accounting Standard (IAS) 29 – “Financial Reporting in Hyperinflationary Economies” on prior period financial information which was not in compliance with International Accounting Standard (IAS) 21 - “The Effect of Changes in Foreign Exchange Rates”. Had the correct base numbers been used, some elements of the financial statements (including monetary gain or loss) would have been materially different. The impact of the departure from the requirement of these standards was considered material.

Below are other material issues noted during the audit;

1. GOVERNANCE ISSUES

1.1. Stand sales policy

Finding

The Corporation did not have a policy to guide its staff on accounting for stand sales. This was contrary to Section 44 (1) (a) of the Public Finance Management Act [*Chapter 22:19*] which requires a public entity to establish and maintain systems of financial risk management and internal controls.

Risk / Implication

Inconsistencies in the sale of stands.

Recommendation

The Corporation should expedite the finalisation of the stand sales policy.

Management response

The Corporation is currently developing a number of policies so as to establish clear guidelines. The stand sales policy is among the policies to be finalised in 2024.

1.2. Statutory deductions

Finding

The Corporation was not remitting contributions to National Social Security Authority (NSSA) and Pay As You Earn (PAYE) on time. Payments were made within a range of 41 to 242 days after the due date. This was contrary to the Income Tax Act [*Chapter 23:06*] and National Social Security Act [*Chapter 17:04*] which requires that payments should be made by the 10^{th} of the following month.

Risk / Implication

Financial loss due to penalties and fines.

Recommendation

The Corporation should pay and remit NSSA and PAYE by the 10th of the month following the deduction.

Management response

NSSA payments are now up to date from December 2023. UDCORP has also now engaged ZIMRA on the outstanding tax obligations and submitted a payment plan.

1.3. Alignment of accounting processes to the reporting framework

Finding

The Corporation's accounting processes were not aligned to the reporting framework. For instance, the Corporation did not correctly account for investment property in line with International Accounting Standard (IAS) 40 – "Investment property" and translating its foreign currency denominated transactions in line with International Accounting Standard (IAS) 21- "The Effects of Changes in Foreign Exchange Rates".

Risk / Implication

Misstatement of financial statements.

Recommendation

The Corporation should align its accounting processes to the reporting framework.

Management response

The values of Gutu and Gokwe properties are very small and were being valued after every four years. They have now been revalued as at December 31, 2022. Going forward revaluations will be done in compliance with IAS 40 – "Investment property".

Revaluation of all balances to try and address the effects of changes in foreign exchange rates are being considered. However, the cost of doing all the required revaluations are quite high and the Corporation currently has got serious liquidity challenges. The revaluation exercise will be done as soon as funds become available. The assets highlighted were only being used because of cash flow challenges which is delaying their replacement. We expect current values of these to be close to the book values. However, review of the useful life will be done shortly.

2. SERVICE DELIVERY

2.1. Project management

Finding

Various advances made to Caledonia, Retreat, Wingate Heights, Harare South and other regularisation projects have been outstanding for many years and there seems to be no arrangements in place to recover these balances. The projects earmarked for regularisation did not reach the targeted goal and were handed back over to the Ministry before the regularisation was achieved.

Risk / Implication

Service delivery maybe compromised.

Recommendation

The Corporation should come up with revenue generation strategies to address its cash flow challenges.

Management response

Of the USD17.7 million recapitalisation funds received, USD 8.3 million and USD 4.2 million was used to finance projects development costs for Knockmalloch and Manresa respectively. USD 3 m was used for working capital and the balance for capital expenditure and legacy debts. Manresa 1s now at 92 % completion and Knockmalloch is at 32%. The Corporation is currently in the process of raising finance to enable completion of Manresa and Knockmalloch. The funds are being sourced internally through sell of stands and disposal of some developed properties. Draft agreements have already been entered into to this effect Upon receiving these proceeds we expect completion and delivery of these projects.

Background Information

The Company was incorporated in terms of the Companies and Other Business Entities Act [*Chapter 24:31*]. It specialises in scientific research on gas, energy projects and production plants.

I have audited the financial statements of Verify (Private) Limited for the years ended December 31, 2019, 2020 and 2021 and I issued an Adverse Opinion for all the three years with a report on going concern.

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, in all material respects, the financial position of Verify Engineering (Private) Limited as at December 31, 2019, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standard (IFRSs).

Basis for Adverse Opinion

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

The Company did not fully comply with the provisions of International Accounting Standard (IAS) 21- "Effects of Changes in Foreign Exchange Rates". During the year 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 USD cash, electronic money (RTGS), mobile money or bond notes. This resulted in transactions bearing similarities to what one would expect with transactions that are undertaken in different currencies to which IAS 21- "The Effects of Changes in Foreign Exchange Rates", would apply. Market wide, entities experienced premiums and discounts on the official foreign exchange rate of 1:1 between the RTGS balances and bond notes and the USD.

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

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

ii. Completeness of inventory

An estimated 50 000 tonnes of unprocessed coal was not included in the financial statements as at December 31, 2019. The coal was for the pilot plant that was yet to be completed and had no value ascribed to it. I was unable to satisfy myself as to completion of coal inventory balance.

iii. Non-compliance with International Accounting Standard (IAS) 37 – "Provisions, Contingent, Liabilities and Contingent Assets"

The lease arrangement to lease assets at Feruka Depot specified that on the expiry of the agreement, Verify Engineering should restore the offices to which it had exclusive rights to the pre-engagement state subject to allowance for normal wear and tear. No provision for rehabilitation was provided for contrary to the requirements of IAS 37– "Provisions, Contingent, Liabilities and Contingent Assets" as management did not include the cost of restoring and rehabilitation of the mine.

Report on going concern

I draw your attention to the fact that the Company had an accumulated loss position of ZWL$ 31. 2 million (2018: ZWL$33. 8 million) as well as a negative working capital of ZWL$718 400 (2018: ZWL$2 million). These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue operating as a going concern.

Adverse Opinion 2020

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, in all material respects, the financial position of Verify Engineering (Private) Limited as at December 31, 2020, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRSs).

Basis for Adverse Opinion

i. Non –compliance with International Accounting Standard (IAS) 21- "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 USD cash, electronic money (RTGS), mobile money or bond notes. The multi-tiered pricing model was evidence of the emergency of another currency which was being used alongside the USD. The currency was the Zimbabwean dollar (ZWL$), which was formally acknowledged through issue of Statutory Instrument 33 of 2019 (S.I 33) Presidential powers (Temporary Measures Amendment of RBZ Act and issue of Real Time Gross Settlement Electronic Dollars (RTGS) Regulations of 2019. The statutory instrument prescribed parity between the US Dollar and local currency up to the effective date of February 22, 2019.

The new functional currency (ZWL$) was effective from February 22, 2019, instead of the fourth quarter of 2018 as evidenced by the separation of the bank accounts into foreign currency accounts and non-foreign currency accounts. The statutory instrument also prescribed how USD balances were to be translated to the ZWL$. The delay in recognizing the ZWL$ as a currency and the translation method of balances from USD to ZWL$ resulted in misstatement of comparative financial statements and current year accumulated loss opening balance of ZWL$140.1 million.

ii. Completeness of inventory

An estimated 50 000 tonnes of unprocessed coal was not included in the financial statements as at December 31, 2020. The coal was for the pilot plant that was yet to be completed and had no value ascribed to it. I was unable to satisfy myself as to completion of coal inventory balance.

iii. Non-compliance with IAS 37 – "Provisions, Contingent, Liabilities and Contingent Assets"

The lease arrangement to lease assets at Feruka Depot specified that on the expiry of the agreement, Verify Engineering should restore the offices to which it had exclusive rights to the pre-engagement state subject to allowance for normal wear and tear. No provision for rehabilitation was provided for contrary to the requirements of IAS 37– "Provisions, Contingent, Liabilities and Contingent Assets" as management did not include the cost of restoring and rehabilitation of the mine.

iv. Completeness and accuracy of revenue

The Company received grant disbursements from the Ministry during the year and a greater portion of the grant disbursed was denominated in foreign currency (USD) whilst a smaller portion in local currency (ZWL$). I was not availed with exchange rates used by the management to translate the grants denominated in foreign currency which were received from the Ministry, and this has resulted in the confirmed balance exceeding the ledger balance by ZWL$ 7.3 million. Confirmed balance from the Ministry amounted to ZWL$228.6 million and the ledger had a total of ZWL$221.3 million. I was therefore unable to satisfy myself as to the completeness and accuracy of revenue.

Report on going concern

I draw your attention to the fact that the Company had an accumulated loss position of ZWL$ 58. 7 million (2019: ZWL$140. 1 million). These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue operating as a going concern.

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, in all material respects, the financial position of Verify Engineering (Private) Limited as at December 31, 2021, and its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standard (IFRSs).

Basis for Adverse Opinion

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

The functional currency of the Company changed in October 2018 from USD to ZWL$ in line with International Accounting Standard (IAS) 21- "Effects of Changes in Foreign Exchange Rates" as evidenced by the exchange control regulations which were enacted by the authorities then and the trading conditions which were already prevailing in the economy in the period 2016 to 2018. The functional currency change was more evident in the fourth quarter of 2018 and should have been effected from that period. However, the company prospectively changed its functional currency from USD to ZWL$ on February 22, 2019 in accordance with the requirements of Statutory Instrument 33 of 2019. In line with this statutory instrument, some elements of the statement of financial position were translated at 1:1 and some at a rate of 1:2.5 to the USD, which rates did not comply with paragraph 37 of International Accounting Standard (IAS) 21- "Effects of Changes in Foreign Exchange Rates". In addition, the delay by the company in effecting the change in functional currency resulted in the material misstatement of comparative financial statements and opening balances for the year ended December 31, 2021. The non-compliance affected valuation of accumulated loss balance of ZWL$94.4 million as at January 1, 2021.

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

The Company was leasing premises for its Head office on a 3-year lease with a 6-year extension option and the contract satisfied the recognition criteria for IFRS16- "Leases". Management has not yet adopted IFRS 16- "Leases" which became effective and mandatory on January 1, 2019 to recognise a right of use asset and a lease liability in the statement of financial position. Accordingly, a rental expense of ZWL$ 3.2 million has been inappropriately recognised in profit or loss.

iii. Non-compliance with IAS 37- "Provisions, Contingent liabilities and Contingent Assets"

The Company provided for rehabilitation for its operations at Feruka. However, it did not provide for rehabilitation on its mining operations at Mkwasine site. Therefore, the basis used to calculate the provision amount was not in line with IAS 37- "Provisions, Contingent liabilities and Contingent Assets". There were no alternative procedures that I could perform to satisfy myself as to the completeness and valuation of the provision for rehabilitation.

iv. Inventory opening balance

The financial effects of the opening balances on the current year financial statements were not determined. My opinion on the current year's financial results is modified because of the possible effects of the matter on the current year financial statements elements and comparability of the current year's financial results with that of the prior year.

Report on going concern

I draw your attention to the fact that the Company special grants at Mkwasine had expired and there was no agreement between Feruka and the Company. These conditions indicate the existence of a material uncertainty that may cast significant doubt the Company's ability to continue operating as a going concern.

Below are other material issues noted during the audit;

1. GOVERNANCE ISSUES

1.1. Remittance of PAYE

Finding

The Company did not remit PAYE on time from April to December 2019.

Risk / Implication

Penalties and interest may be levied on overdue tax obligations.

Recommendation

The Company should remit statutory obligations are paid on time.

Management response

Audit observation is noted. During the review period, indeed the PAYE contributions were not remitted on time, and this has since been rectified in subsequent periods and all our records with ZIMRA are now up to date.

1.2. Provision for rehabilitation

Finding

The Company did not comply with the Environmental Management Act [*Chapter 20:27*], which requires entities to rehabilitate land after engaging on mining activities to prevent ecological degradation. Therefore, the basis and assumptions used in coming up with the provision for rehabilitation for the year was not performed in line with the requirements of IAS 37- “Provisions, Contingent liabilities and Contingent Assets” as management did not include the cost of restoring and rehabilitating the mined land.

Risk / Implication

Misstatements of financial statements.

Penalties and fines due to non-compliance with Environmental laws and regulations.

Recommendation

The Company should comply to the requirements of Environmental laws and regulations as well as International Accounting 37- “Provisions, Contingent liabilities and Contingent Assets”.

Management response

Audit observation is noted, management is going to address this issue in the following financial period.

1.3. Taxation

Finding

During the year and prior year, the entity had not paid income taxes to ZIMRA. It is a requirement that Companies operating in Zimbabwe should pay taxes and QPDs.

Risk / Implication

Financial loss due to penalties from ZIMRA.

Recommendation

Management to make sure income taxes are paid to ZIMRA on time.

Management response

Audit observation noted, Management is engaging shareholder (Government of Zimbabwe) to get a written letter for exemption of paying tax on the grants that it is paying to Verify Engineering.

Background Information

Woodlands Farm (Private) Limited was established in terms of the Companies and Other Business Entities Act [*Chapter 24:31*. The Company was formed to enhance security of goats supply in the country and livestock products in Africa and beyond. The Company is a subsidiary of National Social Security Authority (NSSA) under the Pension and Other Benefits Scheme.

I have audited the financial statements of Woodlands Farm (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 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 Woodlands Farm (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 of Qualified Opinion

i. Shareholders loan

The Company did not avail a signed loan agreement in respect of a USD 1.04 million loan received from National Social Security Authority (shareholder) during the year under review. Section 6 of the Shareholders' Agreement requires a formal loan agreement specifying the terms and conditions between the Company and shareholder. As a result, I could not ascertain the appropriateness of classification of the loan and the possible interest on loan that was not recognised. I could not ascertain the adjustments necessary.

ii. Completeness of expenditure

The Company did not provide source documents that supported the weekly payment schedules used to disburse wages and other operating expenses amounting to USD96 306 during the year.

Below are other materials noted during the audit;

1. GOVERNANCE ISSUES

1.1 Alignment of governance processes

Finding

The Company's Board of Directors had no approved board charter. In addition, the Company had no code of ethics, human resources procedures manual, recruitment policy and accounting procedures manual. This was contrary to Section 28 of the Public Entities Corporate Governance Act [*Chapter 10:31*] which requires the board charter to be approved.

Risk / Implication

Oversight role may be compromised.

Recommendation

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

Management response

Audit observation noted. The Company now has a board charter and the board since approved the code of ethics, human resources procedures manual, recruitment policy and accounting procedures manual since 2024.

1.2 Board committees

Finding

The Company had no board committees during the 2022 financial year. This was contrary to section 92 of the Public Entities Corporate Governance Act [*Chapter 10:31*], which requires essential committees such as Audit Committee, Risk Committee, Dispute Resolution Committee and Remuneration Committee to be put in place.

Risk / Implication

Oversight role may be compromised.

Recommendation

The Board should align its operations to the requirements of the Public Entities Corporate Governance Act [*Chapter 10:31*].

Management response

The audit observation has been noted. The board in 2024 will set up the following three committees in order to effectively execute its mandate; Audit and Risk Committee, Finance and Human Resources Committee and Technical and Projects Committee.

1.3 Shareholders' loan

Finding

During the year under review NSSA provided a loan amounting to USD 1.04 million to the Company. There was no loan agreement to this effect in contravention to section 6 of the Shareholders' agreement which requires the loan agreement specifying the terms and conditions to be in place. As a result, no loan was accounted for in line with International Financial Reporting Standards (IFRS) 9 – "Financial instruments".

Risk / Implication

Misstatement of financial statements.

Recommendation

The Company must engage the shareholder with regards to the terms and conditions of the loan.

Management response

Observation is well noted. Management has since engaged the National Social Security Authority to negotiate the terms of the funding of the project.

1.4 Risk management

Finding

The Company's risk management arrangements were not adequate. There was no firefighting equipment such as fire extinguishers and sand boxes despite high temperatures in the region in which the project is being operated.

Risk / Implication

Loss of property in the event of a fire.

Recommendation

Management should review and strengthen the Company's risk management process.

Management response

Management has since procured the fire extinguishers and all the necessary safety equipment for use on the farm in the last quarter of 2023.The Company Board of directors has now also approved a Risk Management policy in 2024.

2 PROCUREMENT OF GOODS AND SERVICES

2.1 Unsupported expenditure

Finding

I was not availed with invoices, goods receipts vouchers as well as progress reports for work in progress disbursements amounting to USD 96 306. This was contrary to section 81 (2) of the Public Finance Management Act [*Chapter 22:19*] which requires among other issues that payments should be supported by sufficient vouchers. The table below refers:

Reference number	Description	Amount (USD)
SAL&WAG2022-(7-12	Salaries & Wages - Production expenses - Labour Capitalised	83 140
GRV0069	Purchase Order IBR sheets green	9 936
GRV0046	Goat Pens building supplies	1 862
GRV0070	Purchase Order	832
GRV0051	Wire Netting 25mm x 1500mm x 0.90mm x 30	536
	Total	**USD 96 306**

Risk / Implication

In the absence of adequate supporting documentation, funds could be misappropriated, and the authenticity of transactions cannot be ascertained.

Recommendation

The Company should support its expenditure with payment vouchers, invoices, receipts and goods received vouchers and or registers.

Management response

Observation noted. Management commits to fully comply with the audit recommendation and shall ensure that all expenditure is supported with payment vouchers, invoices, receipts and goods received vouchers and registers.

2.2 Shared procurement

Finding

The Company and NSSA had no documented and approved shared procurement arrangement. This was contrary to Section 19 of the Public Procurement and Disposal of Public Assets Act [*Chapter 22:23*] which requires such arrangements to be approved.

Risk / Implication

Financial loss due to irregular procurements.

Recommendation

The Farm should adhere to procurement regulations requirements as provided for in the Public Procurement and Disposal of Public Assets Act [*Chapter 22:23*].

Management response

Observation noted. Management will engage NSSA PMU to have a signed shared procurement agreement in order to fully comply with the law.

3 EMPLOYMENT ISSUES

3.1 Handover and takeover procedures

Finding

The Company's project commenced with a number of positions such as bookkeeper, human resources being manned by staff on secondment. When these seconded staff left the Company, there were no proper handover and takeover of records. Therefore, there were documents which could not be identified during the audit. For instance, the Company could not avail weekly wages payment schedules and their supporting documents amounting to USD 83 140. Some of the payment vouchers were being altered on the amount paid and not being signed for. The amount paid was only written in figures and not written in words. As a result, it took long for the audit to be completed.

Risk / Implication

Resources of the Company could be misappropriated.

Limitation of scope on the audit.

Recommendation

The Company should develop comprehensive handover and takeover procedures on staff changeovers in order to maintain information integrity and security.

Management response

Observation noted. Management is urgently working on the handover take-over procedures. The procedures will be ready by June 30, 2024.

Background Information

Willowvale Motor Industries (Private) limited was established 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 years ended December 31, 2022 and 2023 and I issued a Qualified Opinion for both years.

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 the Willowvale Motor Industries (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

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” as the transactions were translated to RTGS dollars at a rate of one-to-one to the USD in compliance with Statutory Instrument 33 of 2019 (“SI 33/19”) issued by the Government of Zimbabwe. 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 of 2019 was not in line 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 would be recognized in the equity balances of 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 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 could not be determined. I could not determine the extent of adjustments necessary.

Qualified Opinion 2023

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 Willowvale Motor Industries (Private) Limited present fairly, in all material respects, the financial position as at December 31, 2023 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 transactions were translated to RTGS dollars at a rate of one-to-one to the USD in compliance with Statutory Instrument 33 of 2019 ("SI 33/19") issued by the Government of Zimbabwe. The procedures required by IAS 21- "The Effects of Changes in Foreign Exchange Rates" for translation of monetary and non-monetary items from one currency to another and, the prescription of the exchange rate in SI 33 of 2019 was not in line 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 would be recognized in the equity balances of 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 in the application of International Accounting Standard (IAS) 29- "Financial Reporting in Hyperinflationary Economies" in prior years. The financial effects on the financial statements of this departure could not be determined. I could not determine the extent of adjustments necessary.

Report on going concern

I draw your attention to the fact that the Company incurred losses amounting to ZWL$58.1 million (2022: ZWL$101.6 million) in 2023 financial year. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. My opinion was not modified in respect of this matter.

Below are other material issues noted during the audit

1. REVENUE COLLECTION AND DEBT RECOVERY

1.1. Unallocated deposits

Finding

The Company's internal controls over management of cash and bank were weak. As a result, the Company had a suspense account amounting to ZWL$2.8 million due to failure to clear unallocated deposits.

Risk / Implication

Misappropriation of funds.

Recommendation

The Company should consider further engagements with clients and banks to ensure these unallocated receipts are subsequently cleared.

Management response

Noted. This arose due to unallocated receipts the sources of which were still being investigated. The accounts are now classified under creditors up until they can be properly accounted for.

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

The Company made progress in addressing audit findings and recommendations raised in my 2022 annual report. I raised four (4) in my 2022 annual report. Three (3) findings were addressed and one (1) finding was not addressed as indicated below;

2.1. Key vacant posts

The finding was addressed. Key vacant post were filled.

2.2. Sustainability of operations

The finding was not addressed. The Company liabilities exceeded assets also in the current year. However, the Company is in the process of re-aligning its operations with its mandate.

2.3. Cash and bank balances

The finding was addressed. The bank reconciliations are now prepared.

2.4. Inventory

The finding was addressed. A number of corrective steps were agreed upon which amongst them is the holding quarterly stock takes.

Background Information

ZESA Enterprises (Private) Limited, was established in terms of the Companies and Other Business Entities Act [*Chapter 24:31*] and the Electricity Act [*Chapter 13:19*]. It is mainly involved in the manufacturing, repairing of power, distribution of transformers, line material design, construction and commissioning of high voltage substations, power lines, civil and mechanical works, provision of transport logistics, supply and distribution of high quality hardware, domestic and industrial electrical equipment, provision of information technology and support services.

I have audited the financial statements for ZESA Enterprises (Private) 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, the financial position of ZESA Enterprises (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

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 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 February 21, 2019, the directors maintained an exchange rate of 1:1 in compliance with SI 33/19. This constituted a departure from the requirements of International Accounting Standard (IAS) 21 – "The Effects of Changes in Foreign Exchange Rates". The prior year financial statements were modified due to the impact of this matter. The prior year financial statements have not been restated in accordance with International Accounting Standard (IAS) 8 - "Accounting Policies, Changes in Accounting Estimates and Errors", the misstatements on the prior years' income statement is still carried forward in the current retained earnings balance. The effects of the noncompliance were considered material for the year ended December 31, 2022 but not pervasive.

Below are other material issues noted during the audit;

1. GOVERNANCE ISSUES

1.1. Bank signatories

Finding

The internal controls over bank signatories were inadequate in that there was no evidence of timely following up with the bankers for implementation of the Company's communication to update the banks signatories. As a result, four (4) employees who left the organization were still signatories to the Company's four bank accounts since 2020.

Risk / Implication

Financial loss due to fraud.

Recommendation

Management should strengthen their internal control process to allow timely follow up with its bankers on requests for change of signatories.

Management response

Communication was sent to all the banks on December 8, 2020 to remove the respective former employees from the signatories list. The instruction was not fully actioned by the listed banks. Immediate steps have been taken to ensure full actioning of instruction to remove former employees as authorised signatories by the banks.

Background Information

ZESA Holdings (Private) Limited was incorporated in terms of the Companies and Other Business Entities Act [*Chapter 24:31*] and the Electricity Act [*Chapter 13:19*]. The Company manages its 100% owned subsidiaries which are, Zimbabwe Power Company (Private) Limited, Zimbabwe Electricity Transmission and Distribution Company (Private) Limited, Powertel Communications (Private) Limited and ZESA Enterprises (Private) Limited.

I have audited the consolidated financial statements of ZESA Holdings (Private) Limited for the year ended December 31, 2022 and I issued a Qualified Opinion with a report on going concern on both the Group and the Company.

Qualified Opinion on the consolidated financial statements

In my opinion, except for the matters described in the Basis for Qualified Opinion section of my report, the consolidated financial statements present fairly, the consolidated statement of financial position of ZESA Holdings (Private) Limited and its subsidiaries as at December 31, 2022, 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 Company financial statements

In my opinion, except for the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, the statement of financial position of ZESA Holdings (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 on the consolidated and Company financial statements

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”

Opening balances

The prior year financial statements were modified as the Group and the Company had not complied with International Accounting Standard (IAS) 21- “The Effects of Changes in Foreign Exchange Rates”. Transactions that were reported in USD at the end of the 2018 financial year were translated to ZWL$ at the rate of 1:1 at the beginning of 2019. Additionally, transactions between January 1, 2019 and February 2, 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 February 21, 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 - “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 still carried forward in the current retained earnings balance. The effects of the non-compliance were considered material for the year ended December 31, 2022 but not pervasive.

ii. Non-compliance with International Financial Reporting Standards (IFRS) 13 – "Fair Value Measurement"

The valuation of the property, plant and equipment was performed by management as at December 31, 2022. The revaluations were determined in USD and then translated to ZWL$ using the interbank rate as at December 31, 2022. The translated ZWL$ values were not in compliance with IFRS 13 - "Fair Value Measurement" principles as they may not reflect the assumptions that market participants would apply in valuing similar items of property, plant and equipment in ZWL$. It was not practicable to quantify the financial effects of this matter on the financial statements.

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

The Group and the Company appropriately applied the requirements of IAS 29 - "Financial Reporting in Hyperinflationary Economies" on the historical cost figures which had been translated using exchange rates that were not in compliance with IAS 21- "The Effects of Changes in Foreign Exchange Rates". Some items relating to the consolidated financial statements would be materially different had the Group and the Company complied with IAS 21 - "The Effects of Changes in Foreign Exchange Rates" in the prior years. Consequently, the monetary gain of ZWL$ 258. 8 billion (2021: ZWL$ 90. 9 billion) on the consolidated statement of profit or loss and other comprehensive income is impacted.

Report on going concern

I draw your attention to the fact that the Group and the Company's current liabilities exceeded its current assets by ZWL$691.8 billion and ZWL$ 37.8 billion respectively. In addition, the Group and the Company also incurred a loss before tax of ZWL$ 354.3 billion and ZWL$ 9.3 billion respectively for the year. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue operating 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. Statutory deductions

Finding

The Company was not remitting PAYE and NSSA contributions on time. As a result, NSSA outstanding contributions had accumulated to ZWL$2 billion as at December 31, 2022.

Risk / Implication

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

Recommendation

The Company should remit statutory obligations on time.

Management response

ZESA Holdings (Private) Limited was faced with cash flow challenges and could not make the payments on time. So, the 2022 outstanding balances for PAYE has since been paid in full and efforts are underway to clear other arrears including NSSA.

1.2. Valuation of assets

Finding

The Company translated the carrying amount of the USD valuation of its property, plant and equipment and investment property as at December 31, 2022 to ZWL$ using the closing interbank exchange rate. However, the translated ZWL$ values were not in compliance with IFRS 13- "Fair Value Measurement" principles as they may not reflect the assumption that market participants would apply in valuing similar items assets in ZWL$.

Risk / Implication

Misstatement of financial statements.

Recommendation

The Company should comply with the requirements of IFRS 13 - "Fair Value Measurement".

Management response

Valuation of property, plant and equipment in USD is appropriate as the country is operating in a dual currency system, where market values can be quoted in both currencies. The values determined in USD represents fair values of the property, plant and equipment. Management expects that the Government measures on currency risk will see convergence of the interbank exchange rate to other markets.

1.3. Loan payments

Finding

The Company was not complying with the repayment provisions of the loan agreements entered into with its creditors. The accrued interest had exceeded the initial principal amount due to failure to repay the loans. The interest amount had accrued to ZWL$ 11.6 billion whereas the principal amount was ZWL$ 11.5 billion.

Risk / Implication

Financial loss due to accumulation of interests.

Recommendation

The Company should come up with a revenue generation strategy to address the cash flow challenges.

The Company should follow up with Treasury through its parent Ministry on the settlement of the outstanding amounts.

Management response

The legacy loans are guaranteed by the Government of Zimbabwe. Perennial losses have created an inability for ZESA to repay the loans through their own capacity, therefore the entity has to rely on the Government to repay the loan. The Government is currently re-engaging the creditors and development partners.

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 out 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 years ended December 31, 2020, 2021 and 2022 and I issued an Adverse Opinion for the year 2020 and Qualified Opinions for 2021 and 2022 financial 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 Zimbabwe Broadcasting Corporation (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 Adverse Opinion

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

Opening balances

The prior year financial statements were modified due to non-compliance with the requirements of International Accounting Standard (IAS) 21 – "The Effects of changes in Foreign Exchange rates". The Corporation elected to comply with Statutory Instrument 33 of 2019 (SI33/2019) which was issued on February 20, 2019. The Corporation was guided by Statutory Instrument 41 of 2019 (SI41/19) which required that, in the case of inconsistency between local pronouncement and any international standard, the local pronouncement shall take precedence.

During the period January 1, 2019 to February 21, 2019 the financial statements of the Corporation included balances and transactions denominated in USD that were translated to local currency (ZWL$) using an exchange rate of 1:1 in compliance with Statutory Instrument 33 of 2019 (SI 33/19). I believe that the economic substance of transactions in the market indicated a different rate between the two currencies throughout this period despite the legal 1:1 ZWL$: USD exchange rate. The use of the 1:1 exchange rate thereby constituted a departure from the requirements of IAS 21 – "The Effects 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.

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 Zimbabwe Broadcasting Corporation (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 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"

Opening balances

The basis for qualification is due to misstatements contained in the opening balance for retained earnings, which forms part of transactions that were affected by the following events:

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 February 21, 2019, the Corporation maintained an exchange rate of 1:1 in compliance with SI 33/19. This constituted a departure from the requirements of IAS 21– "The Effects of Changes in Foreign Exchange Rates".

The prior year financial statements have not been corrected in accordance with International Accounting Standard (IAS) 8 - "Accounting Policies, Changes in Accounting Estimates and Errors" and the misstatements on the prior years' financial performance had been carried forward in the current retained earnings balance. The effect of the non-compliance was considered material for the year ended December 31, 2021 but not pervasive.

ii. Completeness of revenue collection from listener's licenses

The Corporation's listeners' customer database was in manual form. As a result, the Corporation was not in a position to ascertain reliably amounts due from listeners. Amounts recorded were based on cash collected to determine the revenue from listener's licenses. The manual system was making it difficult to keep track of customers' payment history. I therefore could not ascertain the completeness of revenue recorded in the financial statements.

iii. Non-compliance with International Accounting Standard (IAS) 16 – "Property, plant and equipment" and International Accounting Standard (IAS) 36 – "Impairment of assets"

I could not ascertain the completeness of the assets of the Corporation as the Corporation's asset register had not been updated with serial numbers / bar code, number plates for some motor vehicles and location details for some assets not recorded. There were also assets which were not recoded in the asset register.

In addition, the Corporation did not review the residual values and useful lives of property, plant and equipment at reporting date in accordance with IAS 16 – "Property, plant and equipment" paragraph 51 which requires the review residual values and useful lives to be carried at the end of each financial year end. The Corporation had not performed revaluation of its assets since 2016 despite changes in the economic environment necessitating the need for a revaluation exercise. This was contrary to the requirements of IAS 16– "Property, plant and equipment" paragraph 31 which requires that revaluations be carried with sufficient regularity to ensure that carrying amounts do not differ materially from fair values. Since the assets of the Corporation constitutes a significant value on its financial position, the financial statements are materially misstated.

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

The Corporation was leasing out properties in some major towns within the country. However, no lease agreements were provided to outline the terms and conditions of the leases. I therefore could not ascertain whether the leases were correctly accounted for in accordance to the requirements of IFRS 16- "Leases" and the related disclosure requirements.

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 Zimbabwe Broadcasting 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 – "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 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 February 21, 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- "The Effects of Changes in Foreign Exchange Rates".

As the prior year financial statements have not been corrected in accordance with International Accounting Standard (IAS) 8 - "Accounting Policies, Changes in Accounting Estimates and Errors", the misstatements on the prior years' financial performance was still carried forward in the current retained earnings balance. The effect of the non-compliance was considered material for the year ended 31 December 2022 but not pervasive.

ii. Completeness of revenue collection from listener's licenses

The Corporation's listeners' customer database was in manual form. As a result, the Corporation was not in a position to ascertain reliably amounts due from listeners. Amounts recorded were based on cash collected to determine the revenue from listener's licenses. The manual system was making it difficult to keep track of customers' payment history. I therefore could not ascertain the completeness of revenue recorded in the financial statements.

iii. Non-compliance with International Accounting Standard (IAS) 16 - "Property, plant and equipment" and International Accounting Standard (IAS) 36 - "Impairment of assets"

I could not ascertain the completeness of the assets of the Corporation as the Corporation's asset register had not been updated with serial numbers / bar code, number plates for some motor vehicles and location details for some assets not recorded. There were also assets which were not recoded in the asset register.

In addition, the Corporation did not review the residual values and useful lives of property, plant and equipment at reporting date in accordance with IAS 16 – "Property, plant and equipment" paragraph 51 which requires the review residual values and useful lives to be carried at the end of each financial year end. The Corporation had not performed revaluation of its assets since 2016 despite changes in the economic environment necessitating the need for a revaluation exercise. This was contrary to the requirements of IAS 16– “Property, plant and equipment” paragraph 31 which requires that revaluations be carried with sufficient regularity to ensure that carrying amounts do not differ materially from fair values. Since the assets of the Corporation constitutes a significant value on its financial position, the financial statements are materially misstated.

iv. Non-compliance with International Financial Reporting Standard (IFRS) 16 - “Leases”

The Corporation is leasing out properties in some major towns within the country. However, no lease agreements were provided to outline the terms and conditions of the leases. I therefore could not ascertain whether the leases were correctly accounted for in accordance to the requirements of IFRS 16 – “Leases” and the related disclosure requirements.

Below are other material issues noted during the audit:

1. GOVERNANCE ISSUES

1.1 Alignment of accounting processes to the reporting framework

Finding

The Corporation’s accounting processes were not aligned with the requirements of the accounting framework. As a result, there were key accounting processes that were not performed. For instance, the Corporation had not performed revaluation of its property, plant and equipment since 2016 to determine the fair values. This was contrary to the requirements of International Accounting Standards (IAS) 16 - “Property, plant and equipment” paragraph 31 which requires revaluation to be made with sufficient regularity to ensure that the carrying values not to materially differ from their fair values

The Corporation did not also review 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 IAS 16 – “Property, plant and equipment” paragraph 51 which requires the review residual values and useful lives to be carried at the end of each financial year end.

In addition, the Corporation’s asset register was not up to date as a result some assets were not recoded in the asset register.

Risk / Implication

Material misstatements of the financial statements.

Recommendation

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

Management response

The reviews would be carried out together with the asset revaluations exercise and this was not done due to lack of financial resources during the period under review.

1.2 Lease agreements

Finding

I was not availed with valid lease agreements for the lease arrangements the Corporation had with third parties pertaining to properties leased in different locations.

Risk / Implication

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

Misstatement of financial statements.

Recommendation

The Management should regularize all lease arrangements with third parties.

Management response

A number of the outstanding lease agreements were signed off in the subsequent years with those outstanding to be cleared by June 30, 2024.

1.3 Bank signatories

Finding

The Corporation's controls on the cash and bank management were inadequate in that two (2) former employees who left the organization in 2021 were still registered as approved bank signatories for two (2) bank accounts as at December 31, 2022.

Risk / Implication

Financial loss through fraud.

Recommendation

Bank signatories should be regularly reviewed and communicated to bankers whenever there are changes.

Management response

The signatory was removed in the period 2022.The control on bank accounts is on a minimum two signatories are required for any activity relating to any transaction.

1.4 Ownership of assets

Finding

The Corporation could not provide evidence of ownership of two (2) stands and one (1) motor vehicle recorded in its books of accounts.

Risk / Implication

Proof of ownership may be difficult to demonstrate in the absence of adequate documentation.

Recommendation

The ownership of the assets should be regularized.

Management response

The motor vehicle in question was donated to ZBC by a Bank for use but the transfer of ownership was only done in the 2023 financial year. A recommendation to delist the Victoria Falls asset from ZBC register was submitted after asset verification exercise. Gweru stand to be regularized.

2. REVENUE COLLECTION AND DEBT RECOVERY

2.1 Collections from listener's licenses

Finding

The Corporation's listeners' customer history/database was in manual form. As a result, the Corporation was not in a position to ascertain reliably amounts due from listeners. Amounts recorded were based on cash collected to determine the revenue from listener's licenses. The manual system was making it difficult to keep track of customers' payment history.

Risk / Implication

Misstatement of financial statements.

Recommendation

The Corporation should consider creating a listeners' database to enable follow-up of receivables due.

Management response

We are waiting for the developer to have our own system which will house our own database by November 2024. With regards to the vehicle licensing system, we are currently riding on the ZINARA licensing system for customer information.

3. EMPLOYMENT ISSUES

3.1 Employee files

Finding

The Corporation's internal controls over record keeping were inadequate as essential employee documents such as copies of educational certificates and national identification cards were not on the reviewed files.

Risk / Implication

Decision making on employees' affairs maybe compromised due to absence of essential documents.

Recommendation

Controls over record keeping of employee files should be enhanced.

Management response

Management takes notes and will address the finding, personal files audit to check on the completeness of the file to be done. The files that were missing had been moved to different users and locations without a proper paper-trail. We are working to ensure that file movement has paper-trails prior to e-filing of personnel files.

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

The Company made some progress in addressing audit findings raised in my 2022 annual report. I raised four (4) audit findings in 2022 and one (1) finding was addressed, one (1) finding was partially addressed and two (2) findings were not addressed as indicated below;

4.1 Statutory obligations

The finding was addressed. The Corporation filed all the outstanding returns and cleared all the outstanding balances and was issued with a tax clearance certificate.

4.2 ICT Steering Committee

The finding was not addressed. The ICT policy has not been reviewed.

4.3 Receivables

The finding was not addressed. The Corporation still had receivables that were outstanding.

4.4 Trade and other payables

The finding was partially addressed. The Corporation during the period managed to settle payables pertaining to local creditors however foreign legacy debts were still outstanding.

Background Information

Zimbabwe Consolidated Diamond Company (Private) Limited was incorporated 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 (Private) Limited for the year ended December 31, 2022 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 the Zimbabwe Consolidated Diamond Company (Private) Limited as at December 31, 2022, its financial performance and its cash flows for the year ended December 31, 2022 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" and International Accounting Standard (IAS) 8 - ''Accounting Policies, Changes in Accounting Estimates and Errors''

Opening balances

The prior year's financial statements did not comply with the requirements of IAS 21 - "The Effects of Changes in Foreign Exchange Rates" as the Company had not been able to apply an appropriate exchange rate on change of functional currency in February 2019 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 was not considered an appropriate spot rate for transactions as required by IAS 21 - "The Effects of Changes in Foreign Exchange Rates". The misstatements have not been corrected in the financial statements for the year ended December 31, 2022 in line with International Accounting Standard (IAS) 8 - ''Accounting Policies, Changes in Accounting Estimates and Errors''. The effects of misstatement due to non- compliance with IAS 21- "The Effects of Changes in Foreign Exchange Rates" on prior year financial statements and opening balances had not been quantified.

Below are other material issues noted during the audit;

1. GOVERNANCE ISSUES

1.1 Submission of tax returns

Finding

The Company was not generating enough revenue the year under review. As a result, it was not remitting Value Added Tax and Income Tax on time. In addition, the Company did not submit Transfer Pricing Return (ITF12C) that was due on April 30, 2022.As a result, the Company's two (2) bank accounts were garnished and the charge was amounting to USD 1.73 million and ZWL$ 920 million for non-compliance**.**

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

The late payment of taxes during the year was mainly due to cash flow challenges which the Company faced in 2022. However, during this period, management was engaging ZIMRA on regular basis, through official payment plans for overdue taxes. As a result of these engagements, the company was issued with tax clearance certificate for the full year of 2023. Management shall continue to engage with the Zimbabwe Revenue Authority for payment plans of outstanding tax obligations.

Management accepts audit observation and recommendations. Management shall ensure all ZIMRA tax returns are submitted by the due date, the tax authority is engaged on time if there are delays in submission of the same.

Management will also ensure staff are trained on transfer pricing and its implications on taxation.

1.2 Board composition

Finding

The Company did not have Board members with legal and accounting expertise. This was contrary to the provisions of the Public Entities Corporate Governance Act [*Chapter 10:31*] section 79 which requires the Board to be composed of persons with accounting or financial expertise and legal skills.

Risk / implication

Oversight role of the Board may be compromised.

Recommendation

The Company should continuously engage the appointing authority for the appointment of members with requisite skills.

Management response

The Shareholder appoints pending Board members.

Management shall advise the Board Chairman on the auditor's observation.

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

The Company did not make progress in addressing audit findings that were outstanding in my 2022 annual report. I followed up on three (3) findings and all the three (3) findings were not addressed as indicated below;

2.1. Mining areas

The finding was not addressed. The Company has not yet reallocated area as compensation for the area that was allocated to other Companies.

2.2. 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.

2.3. Related parties

The finding was not addressed. No progress made in recovering the outstanding owing from the related parties.

Background Information

The Zimbabwe Electricity Transmission and Distribution Company (Private) Limited was established 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, 2022 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 the Zimbabwe Electricity Transmission and Distribution Company (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

i. Non-compliance with International Accounting Standard (IAS) 21 – "The Effects of Changes in Foreign Currency Exchange Rates" and International Accounting Standard (IAS) 29 – "Financial Reporting in Hyperinflationary Economies"

During the year, the Company predominantly traded in Zimbabwe Dollars. The Company, however, had transactions and balances that were in foreign currency. The foreign currency transactions were translated using the respective spot rates determined by the auction exchange rates. However, these rates were not in compliance with IAS 21 - "The Effects of Changes in Foreign Currency Exchange Rates" as they are not the exchange rates for immediate delivery because of the shortage of foreign currency on the market. Use of alternative market rates is not compliant with the law and as a result the directors have not attempted to estimate rates that may more fairly reflect the results and state of these transactions and balances in compliance with IAS 21 - "The Effects of Changes in Foreign Currency Exchange Rates". The prior year financial statements were qualified for similar reasons and the impact on the current year has not been adjusted for.

In addition, International Accounting Standard (IAS) 29– "Financial Reporting in Hyperinflationary Economies" was applied on the current period's financial information which was not in compliance with IAS 21– "The Effects of Changes in Foreign Currency Exchange Rates" as described above. Consequently, the line item "monetary gain" on the statement of profit or loss and other comprehensive income was impacted. The prior year audit report was also modified due to this matter.

ii. Non-compliance with International Financial Reporting Standard (IFRS) 13 – "Fair Value Measurement"

The Company translated the carrying amount of the USD valuation of its property, plant and equipment as at December 31, 2022 to ZWL$ using the auction rate. However, the translated ZWL$ values were not in compliance with IFRS 13- "Fair Value Measurement" as they could not reflect the assumptions that market participants would apply in valuing similar items of property, plant and equipment in ZWL$. The prior year financial statements were qualified in respect of this matter. The non-compliance was considered material but not pervasive to the financial statements. I could not determine the extent of any adjustments necessary in the current period.

I made a follow up on findings raised in my 2020 and 2022 annual reports and below is the status;

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

The Company has not made progress in addressing audit findings raised in my 2020 and 2022 annual reports. I raised five (5) audit findings in my 2022 annual report and I followed up on two (2) findings which were outstanding in my 2020 annual report. Six (6) findings were partially addressed and one (1) finding was not addressed as indicated below:

1.1. Allocated funds in the cash account

The finding was partially addressed. Out of the balance of ZWL$1.7 billion as at December 31, 2022, ZWL$ 392 million (23%) was traced leaving a balance ZWL$1.3 billion still to be traced.

1.2. Remittance of rural electrification levy

The finding was partially addressed. The REA levy is now being remitted based on collections. However, the REA levy owing is still high due to cash flow challenges.

1.3. Operational vehicles

The finding was partially addressed. The Company has ordered 1 152 operational vehicles and so far 116 have been delivered.

1.4. Transmission losses

The finding was partially addressed. Work to reduce losses is ongoing. This includes regular inspection of client meters and poor consumption patterns.

1.5. Fuel and electricity allowance

The finding was partially addressed. The Company is still investigating the cases where employees received both fuel and electricity allowances.

1.6. Statutory and other obligations

The finding was not addressed. The Company continued to have cash flow challenges. However, management will ensure payments to the cited institutions are made on time as and when cash flows improve.

1.7. Electricity fringe benefits

The finding was partially addressed. The Company is still investigating the cases where documentation was not availed for electricity fringe benefits redeemed by employees.

Background Information

Zimbabwe Mining Development Corporation (ZMDC) was established in terms of the Zimbabwe Mining Development Corporation 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 of Zimbabwe Mining Development Corporation for the year ended December 31, 2022 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 the Zimbabwe Mining Development Corporation as at December 31, 2022, and of 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 to International Accounting Standards (IAS) 21 — "The Effects of Changes in Foreign Exchange rates"

The Corporation 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 interbank exchange rate which was not considered an appropriate spot rate for transactions as required by IAS 21-"The Effects of Changes in Foreign Exchange rates".

In 2022, management did not assess the functional currency in line with the requirements of IAS 21- "The Effects of Changes in Foreign Exchange rates" paragraph 13 which requires the Corporation to determine its functional currency which reflects the underlying transactions, events and conditions that are relevant to it. As a result, the Corporation used the ZWL$ as their functional currency for reporting purposes, whereas a significant number of transactions were being carried out in USD.

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 and Loss, statement of cash flows and statement of financial position.

Below are other material issues noted during the audit;

1. GOVERNANCE ISSUES

1.1. Statutory obligations

Finding

The Corporation was not registered with the Standard Development Fund since incorporation. As a result, the Corporation did not file the returns and remit standard development levy during the period under review.

Risk / Implication

Financial loss due to penalties.

Recommendation

The Corporation should regularise the payments of eligible statutory obligations.

Management response

We have established that we are not registered upon submission of return. We are now in the process of registering with Standards Development Fund.

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

The Corporation made little progress in addressing audit findings and recommendations raised in 2020 and 2022 annual reports. I raised two (2) findings in my 2022 annual report and followed up on one (1) finding which was outstanding in my 2020 annual report. Two (2) findings were partially addressed and one (1) finding was not addressed as indicated below:

2.1. Payables

The finding was partially addressed. ZMDC has adopted partial privatisation strategy in line with NDS1, this move is meant to improve the cash flow challenges faced by ZMDC.

2.2. Service level agreement

The finding was not addressed. ZMDC could not locate the signed contract. Going forward ZMDC will improve its filing procedures to ensure documents can be accessed.

2.3. Performance of subsidiaries and joint venture

The finding was partially addressed. The process of partial privatization is in progress.

Background Information

Zimbabwe Posts (Private) Limited (ZIMPOST) was established in terms of the Companies and Other Business Entities Act [*Chapter 24:31*]. The Company provides postal, communication and financial services within Zimbabwe.

I have audited the financial statements of Zimbabwe Posts (Private) Limited for the years ended December 31, 2017 and 2018, and I issued a Disclaimer of Opinion for both years on both the Company and the consolidated financial statements.

Disclaimer of Opinion on the Consolidated Financial Statements 2017

I do not express an opinion on the consolidated financial statements of the Zimbabwe Posts (Private) Limited and its subsidiaries as at December 31, 2017. Because of the significance of the matters described in the Basis for Disclaimer 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 on the Consolidated financial statements 2017

Zimbabwe Posts (Private) Limited 2017 issues affecting the Group

i. Limitation of scope of journal entry testing

Management failed to provide supporting documentation for journal entries selected for testing for the year ended December 31, 2017. Hence, I was unable to obtain sufficient appropriate evidence to support the recording of these entries. In addition, some of the journal entries recorded had invalid dates resulting in lack of integrity on the journal entry data. I was therefore unable to perform all the planned audit procedures on the journal entries.

I was therefore unable to conclude whether the possible effects on the Company's financial statements of any undetected misstatements related to the journal entries, if any, could have been material and pervasive. I was unable to obtain sufficient and appropriate audit evidence to express an audit opinion.

ii. Absence of trade receivables third-party confirmations

There were no responses from some third-party confirmations in relation to trade and other receivables balances as at year-end. No alternative supporting documents were provided for these balances. The total of unverified receivables amounted to USD3.2 million which represents 100% of the gross receivables balance as at December 31, 2017.

iii. Absence trade payables confirmations

There were no responses from some third-party suppliers for the trade and other payable balances as at year-end. No alternative supporting documents were provided for these balances. The total of unverified payables amounted to USD16.8 million which represents 55% of the payables balance. As of 31 December 2017, the trade and other payables balance amounted to USD30.9 million. Accordingly, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. I was unable to determine whether any adjustments might have been found necessary in respect of recorded or unrecorded trade and other payables and the elements making up the statement of comprehensive income, statement of changes in equity and statement of cash flows.

iv. Limitation of scope on operating expenses and revenue

Reported operating loss includes expenses amounting to USD2.1 million and revenue amounting to USD110 139 which management failed to provide supporting documents for a combined total of 86% of the sample selections.

Also included in operating expenses is an adjustment for output VAT amounting to USD416 080 relating to 2015 which was not recorded in 2015 and has been included in 2017. Management failed to provide supporting documents to confirm the occurrence of transaction in 2015 and support the recording of the transaction in 2017.

Consequently, I could not perform audit procedures to obtain sufficient appropriate audit evidence to provide a basis for an opinion. I was not able to determine whether any adjustments might have been found necessary in respect of recorded operating expenses and revenue, and the elements making up the statement of comprehensive income, statement of changes in equity and statement of cash flows.

v. Cash and cash equivalents

Cash and cash equivalents include cash book balances with a variance of USD102 463 with the confirmed bank balances. Management did not reconcile these variances and I could not perform any alternative procedures to satisfy myself regarding accuracy of these balance. Therefore, I was not able to determine whether any adjustments might have been found necessary in respect of recorded bank balances and the elements making up the statement of financial position, statement of changes in equity and statement of cash flows.

vi. Valuation of Property, plant and equipment

Property, plant and equipment was carried in the statement of financial position at USD382 677 and cost model was applied to measure these assets. The Company had not performed reassessment of useful life and residual values despite some of the Company's assets being fully depreciated and still in use. This was contrary to the requirements of International Accounting Standard (IAS) 16 – "Property, plant and equipment" paragraph 51 which requires an entity to assess the useful life and residual values of its assets at each year end. I was not able to determine the extent of adjustments that might have been necessary in respect of reported Property, plant and equipment and the elements making up the statement of comprehensive income, statement of changes in equity and statement of cash flows.

vii. Absence of inventory third-party confirmations

There were no responses from consignors for the inventory held on their behalf by Zimpost as at year-end. This inventory amounts to USD190 784 which presents 22% of the inventory balance. We could not conclude on the rights and accuracy of the consignment inventory balance.

Accordingly, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. I was unable to determine whether any adjustments might have been found necessary in respect of consignment inventory and the elements making up the statement of comprehensive income, statement of changes in equity and statement of cash flows.

viii. Prepayments

Prepayments listing includes prepayments to the value of USD1.2 million that were paid as far back as 2011 for which goods have not yet been received. Management failed to provide support to confirm the existence and recoverability of the balance. Accordingly, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

ix. **Completeness of payables**

Management could not avail bank statements for a sample of banks from which transactions samples were to be selected to test the completeness of payables for the year ended 31 December 2017. I was therefore unable to perform audit procedures to obtain sufficient appropriate evidence to provide a basis for an audit opinion.

Courier Connect (Private) Limited 2017 issues affecting the Group

x. **Limitation of scope on journal entry testing**

Management could not avail supporting documentation for journal entries selected for testing for the year ended December 31, 2017. Hence, I was unable to obtain sufficient appropriate evidence to support the recording of these entries. In addition, some of the journal entries recorded had invalid dates resulting in lack of integrity on the journal entry data. I was therefore unable to perform all the planned audit procedures on the journal entries.

I was therefore unable to conclude whether the possible effects on the Company's financial statements of any undetected misstatements related to the journal entries, if any, could have been material and pervasive. I was unable to obtain sufficient and appropriate audit evidence to serve as a basis for an audit opinion

xi. **Absence of trade receivables third-party confirmations**

There were no responses from third-party customers for the trade receivable balances as at year-end. Subsequent receipts provided were inadequate to cover the closing balances at 31 December 2017. The total of unverified receivables amounts to USD615 777 which represents 94% of the receivables balance as at December 31, 2017.

I was unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. I was unable to determine whether any adjustments might have been found necessary in respect of recorded or unrecorded trade and other receivables and the elements making up the statement of comprehensive income, statement of changes in equity and statement of cash flows.

xii. **Absence of trade payables confirmations**

There were no responses from some third-party suppliers for the trade and other payable balances as at year-end. No alternative supporting documents were provided for these balances. The total of unverified payables amounted to USD289 836 as at December 31, 2017.

I was unable able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. I was unable to determine whether any adjustments might have been found necessary in respect of recorded or unrecorded trade and other payables and the elements making up the statement of comprehensive income, statement of changes in equity and statement of cash flows.

xiii. **Limitation of scope on other payables**

Management failed to provide the listing for other payables amounting to USD214 978 which represents 12% of the trade and other payables balance of USD1.7 million. As a result, I was unable to perform audit procedures to obtain sufficient appropriate audit evidence to provide a basis for an opinion. I was unable to determine whether any adjustments might have been found necessary in respect of recorded or unrecorded other payables and the

xiv. Limitation of scope on inventory

Management could not avail support for the selected sample of invoices to confirm the accuracy of prices used in the valuation of inventory amounting to USD603 which represents 6% of the inventory balance of USD9 828. I was unable to perform audit procedures to obtain sufficient appropriate audit evidence to provide a basis for an opinion. I was unable to determine whether any adjustments might have been found necessary in respect of recorded or unrecorded other payables and the elements making up the statement of comprehensive income, statement of changes in equity and statement of cash flows.

Zimbabwe Post Properties (Private) Limited 2017 issues affecting the Group

xv. Limitation of scope of journal entry testing

Management could not avail supporting documentation for journal entries selected for testing for the year ended December 31, 2017. Included in these journal entries are reversals of revenue generated in prior years (2015 and 2016) amounting to USD25,635 for which International Accounting Standard (IAS) 8 - Accounting Policies, Changes in Accounting Estimates and Errors was not applied to correct the errors. I was unable to perform all the planned audit procedures on the journal entries to obtain sufficient appropriate evidence to support the recording of these entries.

I was therefore unable to conclude whether the possible effects on the Company's financial statements of any undetected misstatements related to the journal entries, if any, could have been material and pervasive. I was unable to obtain sufficient and appropriate audit evidence to serve as a basis for an audit opinion

xvi. Unsupported adjusting journals

Amounts presented in the financial statements did not reconcile with the underlying general and subsidiary ledgers that were provided for audit. The Company did not follow system laid out year-end procedures to correctly rollover 2016 audited balances into the 2017 financial year. Rather, Management created new general ledger codes and manually input opening balances which resulted with incorrect amounts being carried forward from the year 2016 into 2017. As a result, current year trial balance and financial statements tie-in differences could not be reconciled with accuracy by management and remained unresolved. In addition, the differences also originated from unsupported journal entries passed by management during the audit.

I was unable to conclude whether the possible effects on the Company's financial statements of any undetected misstatements related to the affected financial statements lines, if any, could have been material and pervasive. I was unable to obtain sufficient and appropriate audit evidence to serve as a basis for an audit opinion.

xvii. Absence of trade receivables third-party confirmations

There were no responses from third-party customers for the trade receivable balances as at year-end. Subsequent receipts provided were inadequate to cover the closing balances at 31 December 2017. The total of unverified receivables amounts to USD3.3 million which represents all of the receivables balance with the exception of related party balances.

I was unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. I was unable to determine whether any adjustments might have been found necessary in respect of recorded or unrecorded trade and other receivables and the elements making up the statement of comprehensive income, statement of changes in equity and statement of cash flows.

xviii. Absence of trade payables confirmations

There were no responses from some third-party suppliers for the trade and other payable balances as at year-end. No alternative supporting documents were provided for these balances. The total of unverified payables amounted to USD2.4 million.

I was unable able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. I was unable to determine whether any adjustments might have been found necessary in respect of recorded or unrecorded trade and other payables and the elements making up the statement of comprehensive income, statement of changes in equity and statement of cash flows.

xix. Limitation of scope on rights to land and buildings

Management could not avail 233 title deeds for inspection to confirm the rights to land and buildings owned by the company as at 31 December 2017. I was therefore unable to determine whether the Company has rights to the land and buildings as at 31 December 2017. I was unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. I was unable to determine whether any adjustments might have been found necessary in respect of the rights of land and buildings and the elements making up the statement of comprehensive income, statement of changes in equity and statement of cash flows.

xx. Limitation of scope on litigations and claims against the entity

There was no response from one of Company's lawyers regarding claims and possible claims with respect to which their advice or representation was sought during the period 1 January 2017 to 31 December 2017. Accordingly, we have not been able to obtain sufficient appropriate audit evidence regarding completeness of provisions recognised and the related disclosures that might have been essential to fully comply with the requirements of International Accounting Standard 37 Provisions, Contingent Liabilities and Contingent to provide a basis for an audit opinion.

Other 2017 Group issues

xxi. Unsupported consolidation journal entry

Management could not avail support for a journal entry amounting to USD59 979 that was processed in the consolidated financial statements. The operating expenses are overstated as a result of this adjusting entry.

I was unable to conclude whether the possible effects on the Group's financial statements of any undetected misstatements related to the affected financial statements lines, if any, could have been material and pervasive. I was unable to obtain sufficient and appropriate audit evidence to serve as a basis for an audit opinion.

xxii. Contingent liability relating to the pension fund deficit

The Company contributed to a defined benefit pension fund. This pension fund is a multi-employer fund and had a deficit of USD37.8 million. The Company's portion of this deficit was not determined. I was therefore unable to ascertain the impact of this deficit on the Company including its impact on the financial statements.

xxiii. Material uncertainty related to Going Concern

I draw your attention to the fact that the Group incurred a net loss of USD1.7 million (2016: USD35.2 million) for the year ended December 31, 2017 and, as of that date, the Group's current liabilities exceeded its current assets by USD27.6 million (2016: USD 26.4 million). The accumulated losses increased to USD37.4 million from USD30.3 million. These conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. I was unable to determine the impact of these conditions on the Group's going concern in light of other matters raised in my audit report.

Disclaimer of Opinion on the Company's Financial Statements 2017

I do not express an opinion on the financial statements of the Zimbabwe Posts (Private) Limited as at December 31, 2017. Because of the significance of the matters described in the Basis for Disclaimer 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 on the Company financial statements 2017

i. Limitation of scope of journal entry testing

Management failed to provide supporting documentation for journal entries selected for testing for the year ended December 31, 2017. Hence, I was unable to obtain sufficient appropriate evidence to support the recording of these entries. In addition, some of the journal entries recorded had invalid dates resulting in lack of integrity on the journal entry data. I was therefore unable to perform all the planned audit procedures on the journal entries.

ii. Absence of trade receivables third-party confirmations

There were no responses from some third-party confirmations in relation to trade and other payable balances as at year-end. No alternative supporting documents were provided for these balances. The total of unverified receivables amounted to USD3.2 million which represents 100% of the gross receivables balance as at December 31, 2017.

iii. Absence of trade payables confirmations

There were no responses from some third-party suppliers for the trade and other payable balances as at year-end. No alternative supporting documents were provided for these balances. The total of unverified payables amounted to USD16.8 million which represents 55% of the payables balance. As of 31 December 2017, the trade and other payables balance amounted to USD30.9 million. Accordingly, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. I was unable to determine whether any adjustments might have been found necessary in respect of recorded or unrecorded trade and other payables and the elements making up the statement of comprehensive income, statement of changes in equity and statement of cash flows.

iv. Limitation of scope on operating expenses and revenue

Reported operating loss includes expenses amounting to USD2.1 million and revenue amounting to USD110 139 which management failed to provide supporting documents for a combined total of 86% of the sample selections.

Also included in operating expenses is an adjustment for output VAT amounting to USD416 080 relating to 2015 which was not recorded in 2015 and has been included in 2017. Management failed to provide supporting documents to confirm the occurrence of transaction in 2015 and support the recording of the transaction in 2017.

Consequently, I could not perform audit procedures to obtain sufficient appropriate audit evidence to provide a basis for an opinion. I was not able to determine whether any adjustments might have been found necessary in respect of recorded operating expenses and revenue, and the elements making up the statement of comprehensive income, statement of changes in equity and statement of cash flows.

v. Cash and cash equivalents

Cash and cash equivalents include cash book balances with a variance of USD102 463 with the confirmed bank balances. Management did not reconcile these variances and I could not perform any alternative procedures to satisfy myself regarding accuracy of these balance. Therefore, I was not able to determine whether any adjustments might have been found necessary in respect of recorded bank balances and the elements making up the statement of financial position, statement of changes in equity and statement of cash flows.

vi. Valuation of Property, plant and equipment

Property, plant and equipment was carried in the statement of financial position at USD382 677 and cost model was applied to measure these assets. The Company had not performed reassessment of useful life and residual values despite some of the Company's assets being fully depreciated and still in use. This was contrary to the requirements of International Accounting Standard (IAS) 16 – "Property, plant and equipment" paragraph 51 which requires an entity to assess the useful life and residual values of its assets at each year end. I was not able to determine the extent of adjustments that might have been necessary in respect of reported Property, plant and equipment and the elements making up the statement of comprehensive income, statement of changes in equity and statement of cash flows.

vii. Absence of inventory third-party confirmation

There were no responses from consignors for the inventory held on their behalf by Zimpost as at year-end. This inventory amounts to USD190 784 which presents 22% of the inventory balance. We could not conclude on the rights and accuracy of the consignment inventory balance. Accordingly, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. I was unable to determine whether any adjustments might have been found necessary in respect of consignment inventory and the elements making up the statement of comprehensive income, statement of changes in equity and statement of cash flows.

viii. Prepayments

The Company had prepayments amounting to USD1.2 million dating back to 2011 for goods that had not been received. Management failed to provide supporting evidence to confirm the existence and recoverability of this balance. I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

ix. Contingent liability relating to the pension fund deficit

The Company contributed to a defined benefit pension fund. This pension fund is a multi-employer fund and had a deficit of USD37.8 million. The Company's portion of this deficit was not determined. I was therefore unable to ascertain the impact of this deficit on the Company including its impact on the financial statements.

x. Use of going concern assumption

I draw your attention to the fact that the Company incurred a net loss of USD1.9 million (2016: USD3.8 million) for the year ended December 31, 2017 and, as of that date, the Company's current liabilities exceeded its current assets by USD26.5 million (2016: USD 24.2 million). These conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. I was unable to determine the impact of these conditions on the Company's going concern in light of other matters raised in this audit report.

Disclaimer of Opinion on the Consolidated Financial Statements 2018

I do not express an opinion on the consolidated financial statements of the Zimbabwe Posts (Private) Limited and its subsidiaries for the year ended December 31, 2018. Because of the significance of the matters described in the Basis for Disclaimer 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 on the Consolidated financial statements 2018

Zimbabwe Posts (Private) Limited 2018 issues affecting the Group

i. Failure to recognise allowance for expected credit losses

The Company held debentures and gross trade and other receivables amounting to USD1.2 million and USD4 million as of December 31, 2018. Management failed to provide evidence that details how the Company adopted and implemented IFRS 9 – "Financial Instruments" to determine the loss allowance for expected credit losses as required by IFRS 9 Financial Instruments para 5.1.1. Rather, Management maintained prior year provision for bad debts amounting to USD1.6 million which was premised on the principles of IAS 39 – "Financial Instruments: Recognition and Measurement" and the disclosure requirements of International Financial Reporting Standard (IFRS) 7 – "Financial Instruments: Disclosures" were not complied with. Therefore, I was not able to determine adjustments that might have been necessary in respect of net values of debentures, trade and other receivables and the elements making up the statement of comprehensive income, statement of changes in equity and statement of cash flows.

i. Limitation of scope of journal entry testing

Management failed to provide supporting documentation for journal entries selected for testing for the year ended December 31, 2018. Hence, I was unable to obtain sufficient appropriate evidence to support the recording of these entries.

In addition, some of the journal entries recorded had invalid dates resulting in lack of integrity on the journal entry data. I was therefore unable to perform all the planned audit procedures on the journal entries and unable to conclude whether the possible effects on the Company's financial statements of any undetected misstatements related to the journal entries, if any, could have been material and pervasive. I was unable to obtain sufficient and appropriate audit evidence to serve as a basis for an audit opinion.

In addition, my prior year opinion was modified based on similar circumstances and due to the possible carryover effects in the current year's financial statements as well as comparability of current year's financial statements with that of prior year, I also modified my current year's opinion on that basis.

ii. Absence of trade receivables third-party confirmations

There were no responses from third-party customers for the trade and other receivables balances as at year-end. Subsequent receipts provided were inadequate to cover the closing balances at December 31, 2018. The total of unverified receivables amounted to USD3.7 million which represents 100% of the receivables balance as of December 31, 2018. As a result, I was unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. I was unable to determine whether any adjustments might have been found necessary in respect of recorded or unrecorded trade and other receivables and the elements making up the statement of financial position, statement of changes in equity and statement of cash flows.

In addition, my prior year opinion was modified based on similar circumstances and due to the possible carryover effects in the current year's financial statements as well as comparability of current year's financial statements with that of prior year, I also modified my current year's opinion on that basis.

iii. Absence of trade payables confirmations

There were no responses from some third-party confirmations in relation to trade and other payable balances as at year-end. No alternative supporting documents were provided for these balances. The total of unverified payables amounts to USD17.6 million which represents 51% of the payables balance. As of December 31, 2018, the trade and other payables balance amounted to USD34.8 million.

Therefore, I was unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. I was unable to determine whether any adjustments might have been found necessary in respect of recorded or unrecorded trade and other payables and the elements making up the statement of comprehensive income, statement of changes in equity and statement of cash flows.

My prior year opinion was modified based on similar circumstances and due to the possible carryover effects in the current year's financial statements as well as comparability of current year's financial statements with that of prior year, I also modified my current year's opinion on that basis.

iv. Limitation of scope on cost of sales and operating expenses

Management did not provide supporting documents for cost of sales amounting to USD432 785. In addition, management could not reconcile differences amounting to USD205 226 and USD368 249 relating to cost of sales and operating expenses respectively. As a result, I could not perform audit procedures to obtain sufficient appropriate audit evidence to validate accuracy and occurrence of these expenses. I was therefore not able to determine whether any adjustments might have been found necessary in respect of recorded cost of sales and operating expenses, and the elements making up the statement of comprehensive income, statement of changes in equity and statement of cash flows.

v. Inadequate support for penalty expense reversal

Management failed to provide supporting evidence for a reversal of a statutory provision amounting to USD1.4 million. I could not obtain sufficient appropriate audit evidence to provide a basis for an opinion. I was not able to determine whether any adjustments might have been found necessary in respect of the operating expenses and the elements making up the statement of comprehensive income, statement of changes in equity and statement of cash flows.

vi. Cash and cash equivalents

Cash and cash equivalents included cash book balances which had a variance of USD615 970 with the confirmed bank balances. Management did not reconcile these variances and I could not perform any alternative procedures to satisfy myself regarding accuracy of these balance. Therefore, I was not able to determine whether any adjustments might have been found necessary in respect of bank balances and the elements making up the statement of financial position, statement of changes in equity and statement of cash flows.

My prior year opinion was modified based on similar circumstances and due to the possible carryover effects in the current year's financial statements as well as comparability of current year's financial statements with that of prior year, I also modified my current year's opinion on that basis.

vii. Valuation of Property, plant and equipment

Property, plant and equipment was carried in the statement of financial position at USD125 893 and cost model was applied to measure these assets. The Company had not performed reassessment of useful life and residual values despite some of the Company's assets being fully depreciated and still in use. This was contrary to the requirements of International Accounting Standard (IAS) 16 – "Property, plant and equipment" paragraph 51 which requires an entity to assess the useful life and residual values of its assets at each year end. I was not able to determine the extent of adjustments that might have been necessary in respect of reported Property, plant and equipment and the elements making up the statement of comprehensive income, statement of changes in equity and statement of cash flows.

My prior year opinion was modified based on similar circumstances and due to the possible carryover effects in the current year's financial statements as well as comparability of current year's financial statements with that of prior year, I also modified my current year's opinion on that basis.

viii. Absence of inventory third-party confirmation

There were no responses from consignors for the inventory held on their behalf by Zimpost as at year-end. This inventory amounts to USD190 784 which presents 22% of the inventory balance. I could not conclude on the rights and accuracy of the consignment inventory balance. I was unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

My prior opinion was modified based on similar circumstances and due to the possible carryover effects in the current year's financial statements as well as comparability of current year's financial statements with that of prior year, we have also modified our current year's opinion on that basis.

ix. Prepayments

The Company had prepayments amounting to USD1.2 million dating back to 2011 for goods that had not been received. Management failed to provide supporting evidence to confirm the existence and recoverability of this balance. I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

My prior opinion was modified based on similar circumstances and due of the possible carryover effects in the current year's financial statements as well as comparability of current year's financial statements with that of prior year, I also modified my current year's opinion on that basis.

x. Completeness of payables

Management could not avail bank statements for a sample of banks from which transactions samples were to be selected to test the completeness of payables for the year ended December 31, 2017 and December 31, 2018. I was therefore unable to perform audit procedures to obtain sufficient appropriate evidence to provide a basis for an audit opinion.

Courier Connect (Private) Limited 2018 issues affecting the Group

xi. Failure to recognise allowance for expected credit losses

The Company held trade and other receivables amounting to USD566 185 as of December 31, 2018. Management failed to provide evidence that details how the Company adopted and implemented IFRS 9 – “Financial Instruments” to determine the loss allowance for expected credit losses as required by IFRS 9 Financial Instruments para 5.1.1. Rather, Management maintained prior year provision for bad debts amounting to USD71 543 which was premised on the principles of IAS 39 – “Financial Instruments: Recognition and Measurement” and the disclosure requirements of International Financial Reporting Standard (IFRS) 7 – “Financial Instruments: Disclosures” were not complied with. Therefore, I was not able to determine adjustments that might have been necessary in respect of net values of debentures, trade and other receivables and the elements making up the statement of comprehensive income, statement of changes in equity and statement of cash flows.

xii. Limitation of scope on cost of sales

Management did not provide supporting documents for cost of sales amounting to USD65 324. In addition, management could not reconcile differences amounting to USD205 226 and USD470 323 relating to cost of sales. As a result, I could not perform audit procedures to obtain sufficient appropriate audit evidence to validate accuracy and occurrence of these cost of sales. I was therefore not able to determine whether any adjustments might have been found necessary in respect of recorded cost of sales and the elements making up the statement of comprehensive income, statement of changes in equity and statement of cash flows.

xiii. Limitation of scope on journal entry testing

Management could not avail supporting documentation for journal entries selected for testing for the year ended December 31, 2018. Hence, I was unable to obtain sufficient appropriate evidence to support the recording of these entries. In addition, some of the journal entries recorded had invalid dates resulting in lack of integrity on the journal entry data. I was therefore unable to perform all the planned audit procedures on the journal entries.

I was therefore unable to conclude whether the possible effects on the Company's financial statements of any undetected misstatements related to the journal entries, if any, could have been material and pervasive. I was unable to obtain sufficient and appropriate audit evidence to serve as a basis for an audit opinion.

My prior report was modified based on similar circumstances and due to the possible carryover effects in the current year’s financial statements as well as comparability of current year’s financial statements with that of prior year, I have also modified my current year’s report on that basis.

xiv. Absence of trade receivables third-party confirmations

There were no responses from third-party customers for the trade and other receivables balances as at year-end. Subsequent receipts provided were inadequate to cover the closing balances at December 31, 2018. The total of unverified receivables amounted to USD699 318 which represented 95% of the receivables balance as of December 31, 2018. As a result, I was unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. I was unable to determine whether any adjustments might have been found necessary in respect of recorded or unrecorded trade and other receivables and the elements making up the statement of financial position, statement of changes in equity and statement of cash flows.

In addition, my prior year opinion was modified based on similar circumstances and due to the possible carryover effects in the current year's financial statements as well as comparability of current year's financial statements with that of prior year, I also modified my current year's opinion on that basis.

xv. Absence of trade payables confirmations

There were no responses from some third-party confirmations in relation to trade and other payable balances as at year-end. No alternative supporting documents were provided for these balances. The total of unverified payables amounts to USD1.7 million which represented 83% of the payables balance. As of December 31, 2018, the trade and other payables balance amounted to USD2.1 million.

Therefore, I was unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. I was unable to determine whether any adjustments might have been found necessary in respect of recorded or unrecorded trade and other payables and the elements making up the statement of comprehensive income, statement of changes in equity and statement of cash flows.

My prior year opinion was modified based on similar circumstances and due to the possible carryover effects in the current year's financial statements as well as comparability of current year's financial statements with that of prior year, I also modified my current year's opinion on that basis.

xvi. Limitation of scope on other payables

Management failed to provide the listing for other payables amounting to USD214 978 which represents 12% of the trade and other payables balance of USD1.7 million. Consequently, I was unable to perform audit procedures to obtain sufficient appropriate audit evidence to provide a basis for an opinion. I was unable to determine whether any adjustments might have been found necessary in respect of recorded or unrecorded other payables and the

xvii. Limitation of scope on inventory

Management could not avail support for the selected sample of invoices to confirm the accuracy of prices used in the valuation of inventory amounting to USD603 which represents 6% of the inventory balance of USD9 828. As a result, I was unable to perform audit procedures to obtain sufficient appropriate audit evidence to provide a basis for an opinion. I was unable to determine whether any adjustments might have been found necessary in respect of recorded or unrecorded other payables and the elements making up the statement of comprehensive income, statement of changes in equity and statement of cash flows.

Zimbabwe Post Properties (Private) Limited 2018 issues affecting the Group

xviii. Failure to recognise allowance for expected credit losses

The Company held trade and other receivables amounting to USD 5.8 million as of December 31, 2018. Management could not avail evidence that details how the Company adopted and implemented IFRS 9 – "Financial Instruments" to determine the loss allowance for expected credit losses as required by IFRS 9 Financial Instruments para 5.1.1. Rather, Management maintained prior year provision for bad debts amounting to USD1.1 million which was premised on the principles of IAS 39 – "Financial Instruments: Recognition and Measurement" and the disclosure requirements of International Financial Reporting Standard (IFRS) 7 – "Financial Instruments: Disclosures" were not complied with. Therefore, I was not able to determine adjustments that might have been necessary in respect of net values of debentures, trade and other receivables and the elements making up the statement of comprehensive income, statement of changes in equity and statement of cash flows.

xix. Unsupported adjusting journals

Amounts presented in the financial statements did not reconcile with the underlying general and subsidiary ledgers that were provided for audit. The Company did not follow system laid out year-end procedures to correctly rollover 2016 audited balances into the new financial year. Rather, Management created new general ledger codes and manually input opening balances which resulted with incorrect amounts being carried forward from the year 2016 into 2017 and carried over into 2018. Consequently, current year trial balance and financial statements tie-in differences could not be reconciled with accuracy by management and remained unresolved. In addition, the differences also originated from unsupported journal entries passed by management during the audit.

Accordingly, I was unable to conclude whether the possible effects on the Company's financial statements of any undetected misstatements related to the affected financial statements lines, if any, could have been material and pervasive. I was unable to obtain sufficient and appropriate audit evidence to serve as a basis for an audit opinion.

My prior opinion was modified based on similar circumstances and due of the possible carryover effects in the current year's financial statements as well as comparability of current year's financial statements with that of prior year, I have also modified my current year's opinion on that basis.

xx. Absence of trade receivables third-party confirmations

There were no responses from third-party customers for the trade receivable balances as at year-end. Subsequent receipts provided were inadequate to cover the closing balances at December 31, 2018. The total of unverified receivables amounts to USD3.5 million which represents all of the receivable balance with the exception of related party balance.

Accordingly, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. I was unable to determine whether any adjustments might have been found necessary in respect of recorded or unrecorded trade and other receivables and the elements making up the statement of comprehensive income, statement of changes in equity and statement of cash flows.

My prior opinion was modified based on similar circumstances and due of the possible carryover effects in the current year's financial statements as well as comparability of current year's financial statements with that of prior year, I have also modified my current year's opinion on that basis.

xxi. Absence of trade payables third-party confirmations

There were no responses from some third-party suppliers for the trade payable balances as at year-end. No alternative supporting documents were provided for these balances. The total of unverified balances amounts to USD2.2 million which represents all the trade and other payables balance as of December 31, 2018.

Accordingly, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. I was unable to determine whether any adjustments might have been found necessary in respect of recorded or unrecorded trade payables and the elements making up the statement of comprehensive income, statement of changes in equity and statement of cash flows.

My prior opinion was modified based on similar circumstances and due of the possible carryover effects in the current year's financial statements as well as comparability of current year's financial statements with that of prior year, I have also modified my current year's opinion on that basis.

xxii. Limitation of scope on litigations and claims against the entity

There was no response from one of Company's lawyers regarding claims and possible claims with respect to which their advice or representation was sought during the period January 1, 2018 to December 31, 2018. Accordingly, I have not been able to obtain sufficient appropriate audit evidence regarding completeness of provisions recognised and the related disclosures that might have been essential to fully comply with the requirements of International Accounting Standard (IAS) 37- "Provisions, Contingent Liabilities and Contingent Assets" to provide a basis for an audit opinion.

My prior opinion was modified based on this matter and due of the possible carryover effects in the current year's financial statements as well as comparability of current year's financial statements with that of prior year, I have also modified my current year's opinion on that basis.

Other 2018 Group issues

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

The Company transacted using a combination of United States Dollars (USD), bond notes and bond coins. Shortage of USD cash, other foreign currencies, bond notes and bond coins 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. The RTGS system was employed as a mode of electronic settlement, intended to be representative of physical currency. During the year there was a significant divergence in market perception of the relative values between bond notes, bond coins, mobile money settlements and RTGS settlements in comparison to the USD.

In October 2018, banks were instructed by the Reserve Bank of Zimbabwe ("RBZ") to separate and create distinct bank accounts for depositors, namely, Real Time Gross Settlement Foreign Currency Account (RTGS FCA) and Nostro Foreign Currency Account (Nostro FCA). This resulted in a separation of transactions on the local RTGS payment platform from those relating to foreign currency.

As a result of this separation, there was an increase in multi-tier pricing practices by suppliers of goods and services, indicating a significant difference in purchasing power between the RTGS FCA and Nostro FCA balances, against a legislative framework mandating parity. These events were indicative of economic fundamentals that would require a reassessment of the functional currency as required by International Accounting Standard (IAS) 21- "The Effects of Changes in Foreign Exchange Rates". As a result of these factors, the Directors performed an assessment on the functional currency of the Company in accordance with IAS 21 - "The Effects of Changes in Foreign Exchange Rates" and acknowledged that the functional currency of the Company is no longer USD.

Subsequent to year-end, a currency called the RTGS Dollar was legislated through Statutory Instrument 33 of 2019 (SI 33/19) with an effective date of 22 February 2019. In addition, SI 33/19 fixed the exchange rate between the RTGS Dollar and the USD at a rate of 1:1 for the period up to its effective date. The rate of 1:1 is consistent with the rate mandated by the RBZ at the time it issued the bond notes as currency.

The Company acknowledged that there was a functional currency change and that the rates of exchange rate between the USD and local currency was not 1:1, they have maintained their functional currency as the USD and have presented the financial statements in USD using an exchange rate of 1:1, in compliance with SI 33/19. This constituted 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 pervasive. The financial effects on the financial statements of this departure have not been determined.

xxiv. Contingent liability relating to the pension fund deficit

The Company contributed to a defined benefit pension fund. This pension fund is a multi-employer fund and had a deficit of USD26.3 million. The Company's portion of this deficit was not determined. I was therefore unable to ascertain the impact of this deficit on the Company including its impact on the financial statements.

xxv. Material uncertainty related to Going Concern

I draw your attention to the fact that the Company incurred a loss for the year of USD3.4 million (2017: profit of USD1.9 million) during the year ended December 31, 2018, and as at that date the company's current liabilities exceeded its current assets by USD29.8 million (2017: USD26.5 million). I was unable to determine the impact of these conditions on the company's going concern in light of other matters raised in this audit report.

Disclaimer of Opinion on the Company's Financial Statements 2018

I do not express an opinion on the financial statements of the Zimbabwe Posts (Private) Limited for the year ended December 31, 2018. Because of the significance of the matters described in the Basis for Disclaimer 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 on the Company financial statements 2018

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

The Company transacted using a combination of United States Dollars (USD), bond notes and bond coins. Shortage of USD cash, other foreign currencies, bond notes and bond coins 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. The RTGS system was employed as a mode of electronic settlement, intended to be representative of physical currency. During the year there was a significant divergence in market perception of the relative values between bond notes, bond coins, mobile money settlements and RTGS settlements in comparison to the USD.

In October 2018, banks were instructed by the Reserve Bank of Zimbabwe ("RBZ") to separate and create distinct bank accounts for depositors, namely, Real Time Gross Settlement Foreign Currency Account (RTGS FCA) and Nostro Foreign Currency Account (Nostro FCA). This resulted in a separation of transactions on the local RTGS payment platform from those relating to foreign currency.

As a result of this separation, there was an increase in multi-tier pricing practices by suppliers of goods and services, indicating a significant difference in purchasing power between the RTGS FCA and Nostro FCA balances, against a legislative framework mandating parity. These events were indicative of economic fundamentals that would require a reassessment of the functional currency as required by International Accounting Standard (IAS) 21- "The Effects of Changes in Foreign Exchange Rates". As a result of these factors, the Directors performed an assessment on the functional currency of the Company in accordance with IAS 21 - "The Effects of Changes in Foreign Exchange Rates" and acknowledged that the functional currency of the Company is no longer USD.

Subsequent to year-end, a currency called the RTGS Dollar was legislated through Statutory Instrument 33 of 2019 (SI 33/19) with an effective date of 22 February 2019. In addition, SI 33/19 fixed the exchange rate between the RTGS Dollar and the USD at a rate of 1:1 for the period up to its effective date. The rate of 1:1 is consistent with the rate mandated by the RBZ at the time it issued the bond notes as currency.

The Company acknowledged that there was a functional currency change and that the rates of exchange rate between the USD and local currency was not 1:1, they have maintained their functional currency as the USD and have presented the financial statements in USD using an exchange rate of 1:1, in compliance with SI 33/19. This constituted 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 pervasive. The financial effects on the financial statements of this departure have not been determined.

ii. Failure to recognise allowance for expected credit losses

The Company held debentures and gross trade and other receivables amounting to USD1.2 million and USD4 million as of December 31, 2018. Management failed to provide evidence that details how the Company adopted and implemented IFRS 9 – "Financial Instruments" to determine the loss allowance for expected credit losses as required by IFRS 9 Financial Instruments para 5.1.1. Rather, Management maintained prior year provision for bad debts amounting to USD1.6 million which was premised on the principles of IAS 39 – "Financial Instruments: Recognition and Measurement" and the disclosure requirements of International Financial Reporting Standard (IFRS) 7 – "Financial Instruments: Disclosures" were not complied with. Therefore, I was not able to determine adjustments that might have been necessary in respect of net values of debentures, trade and other receivables and the elements making up the statement of comprehensive income, statement of changes in equity and statement of cash flows.

iii. Limitation of scope of journal entry testing

Management failed to provide supporting documentation for journal entries selected for testing for the year ended December 31, 2018. Hence, I was unable to obtain sufficient appropriate evidence to support the recording of these entries.

In addition, some of the journal entries recorded had invalid dates resulting in lack of integrity on the journal entry data. I was therefore unable to perform all the planned audit procedures on the journal entries and unable to conclude whether the possible effects on the Company's financial statements of any undetected misstatements related to the journal entries, if any, could have been material and pervasive. I was unable to obtain sufficient and appropriate audit evidence to serve as a basis for an audit opinion.

In addition, my prior year opinion was modified based on similar circumstances and due to the possible carryover effects in the current year’s financial statements as well as comparability of current year’s financial statements with that of prior year, I also modified my current year’s opinion on that basis.

iv. Absence of trade receivables third-party confirmations

There were no responses from third-party customers for the trade and other receivables balances as at year-end. Subsequent receipts provided were inadequate to cover the closing balances at December 31, 2018. The total of unverified receivables amounted to USD3.7 million which represents 100% of the receivables balance as of December 31, 2018. As a result, I was unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. I was unable to determine whether any adjustments might have been found necessary in respect of recorded or unrecorded trade and other receivables and the elements making up the statement of financial position, statement of changes in equity and statement of cash flows.

In addition, my prior year opinion was modified based on similar circumstances and due to the possible carryover effects in the current year’s financial statements as well as comparability of current year’s financial statements with that of prior year, I also modified my current year’s opinion on that basis.

v. Absence of trade payables third-party confirmations

There were no responses from some third-party confirmations in relation to trade and other payable balances as at year-end. No alternative supporting documents were provided for these balances. The total of unverified payables amounts to USD 17.6 million which represents 51% of the payables balance. As of December 31, 2018, the trade and other payables balance amounted to USD 34.8 million.

Therefore, I was unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. I was unable to determine whether any adjustments might have been found necessary in respect of recorded or unrecorded trade and other payables and the elements making up the statement of comprehensive income, statement of changes in equity and statement of cash flows.

My prior year opinion was modified based on similar circumstances and due to the possible carryover effects in the current year’s financial statements as well as comparability of current year’s financial statements with that of prior year, I also modified my current year’s opinion on that basis.

vi. Limitation of scope on cost of sales and operating expenses

Management could not avail supporting documents for cost of sales amounting to USD432 785. In addition, management could not reconcile differences amounting to USD205 226 and USD368 249 relating to cost of sales and operating expenses respectively. As a result, I could not perform audit procedures to obtain sufficient appropriate audit evidence to validate accuracy and occurrence of these expenses. I was therefore not able to determine whether any adjustments might have been found necessary in respect of recorded cost of sales and operating expenses, and the elements making up the statement of comprehensive income, statement of changes in equity and statement of cash flows.

vii. Inadequate support for penalty expense reversal

Management could not avail supporting evidence for a reversal of a statutory provision amounting to USD1.4 million. I could not obtain sufficient appropriate audit evidence to provide a basis for an opinion. I was not able to determine whether any adjustments might have been found necessary in respect of the operating expenses and the elements making up the statement of comprehensive income, statement of changes in equity and statement of cash flows.

viii. Cash and cash equivalents

Cash and cash equivalents included cash book balances which had a variance of USD615 970 with the confirmed bank balances. Management did not reconcile these variances and I could not perform any alternative procedures to satisfy myself regarding accuracy of these balance. Therefore, I was not able to determine whether any adjustments might have been found necessary in respect of bank balances and the elements making up the statement of financial position, statement of changes in equity and statement of cash flows. My prior year opinion was modified based on similar circumstances and due to the possible carryover effects in the current year's financial statements as well as comparability of current year's financial statements with that of prior year, I also modified my current year's opinion on that basis.

ix. Valuation of Property, plant and equipment

Property, plant and equipment was carried in the statement of financial position at USD125 893 and cost model was applied to measure these assets. The Company had not performed reassessment of useful life and residual values despite some of the Company's assets being fully depreciated and still in use. This was contrary to the requirements of International Accounting Standard (IAS) 16 – "Property, plant and equipment" paragraph 51 which requires an entity to assess the useful life and residual values of its assets at each year end. I was not able to determine the extent of adjustments that might have been necessary in respect of reported Property, plant and equipment and the elements making up the statement of comprehensive income, statement of changes in equity and statement of cash flows. My prior year opinion was modified based on similar circumstances and due to the possible carryover effects in the current year's financial statements as well as comparability of current year's financial statements with that of prior year, I also modified my current year's opinion on that basis.

x. Prepayments

The Company had prepayments amounting to USD1.2 million (2017: USD1.2 million) dating back to 2011 for goods that had not been received. Management failed to provide supporting evidence to confirm the existence and recoverability of this balance. I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

My prior opinion was modified based on similar circumstances and due of the possible carryover effects in the current year's financial statements as well as comparability of current year's financial statements with that of prior year, I also modified my current year's opinion on that basis.

xi. Completeness of payables

Management could not avail bank statements for a sample of banks from which transactions samples were to be selected to test the completeness of payables for the year ended December 31, 2017 and December 31, 2018. I was therefore unable to perform audit procedures to obtain sufficient appropriate evidence to provide a basis for an audit opinion.

xii. Limitation of scope on litigations and claims against the entity

There was no response from one of Company's lawyers regarding claims and possible claims with respect to which their advice or representation was sought during the period January 1, 2018 to December 31, 2018. Accordingly, I have not been able to obtain sufficient appropriate audit evidence regarding completeness of provisions recognised and the related disclosures that might have been essential to fully comply with the requirements of International Accounting Standard (IAS) 37- "Provisions, Contingent Liabilities and Contingent Assets" to provide a basis for an audit opinion.

My prior opinion was modified based on this matter and due of the possible carryover effects in the current year's financial statements as well as comparability of current year's financial statements with that of prior year, I have also modified my current year's opinion on that basis.

xiii. Contingent liability relating to the pension fund deficit

The Company contributed to a defined benefit pension fund. This pension fund is a multi-employer fund and had a deficit of USD26.3 million. The Company's portion of this deficit was not determined. I was therefore unable to ascertain the impact of this deficit on the Company including its impact on the financial statements.

xiv. Material uncertainty related to Going Concern

I draw your attention to the fact that the Company incurred a loss for the year of USD3.4 million (2017: loss of USD1.9 million) during the year ended December 31, 2018, and as at that date the company's current liabilities exceeded its current assets by USD29.8 million (2017: USD26.5 million). I was unable to determine the impact of these conditions on the company's going concern in light of other matters raised in this audit report.

Below are other material issues noted during the audit;

1. GOVERNANCE ISSUES

1.1. Submission of financial statements

Finding

The Company did not submit the financial statements for audit on time. This was 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. As a result, the Company did not conduct Annual General Meetings on time contrary to Section 33 of the Public Entities Corporate Governance Act [*Chapter 10:31]* which requires that the board of every public entity shall convene an annual general meeting at least once a year.

Risk / Implication

Transparency and accountability might be compromised.

Recommendation

The Company should submit financial statements within the stipulated statutory deadlines.

Management response

Noted, the Company lost data in 2017 hence the delay to finalize the audits on time for 2017 and 2018. There was a leadership vacuum on key Executive position. In addition, the Company also experienced high staff turnover. We have also concluded the 2017 and 2018 audits and Annual General Meeting will be held on the 25th of July 2024.

1.2. Key vacant posts

Finding

The Company had nine (9) key vacant posts which were being occupied in acting capacity. These positions included General Manager Finance, Deputy Post Master General, General Manager Marketing and Operations, Strategy Manager, Manager Operations, International and Business Manager, Head Property Services, Manager Transport and the Marketing and Sales Manager.

Risk / Implication

Service delivery and decision making may be compromised.

Recommendation

The Company should fill all vacant posts.

Management response

The filling of vacant positions is still underway. The Post Master General position was filled and interview for the Deputy Post Master General and General Manager Finance were done. We await clearance and appointment of positions. The recruitment of the remaining positions will commence shortly and are being done according to the hierarchical order.

1.3. 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 contrary to International Accounting Standard (IAS) 36 - "Impairment of assets". In addition, the majority 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".

Risk / Implication

Misstatement of financial statements.

Recommendation

The Company should perform impairment review in line with IAS 36 - "Impairment of assets".

Review of useful life and residual values of the assets should be carried out in line with IAS 16 - "Property, plant and equipment".

Management response

Noted, the assets have since been revalued from 2019. Revaluation of assets will be done every year end in order to comply with IAS 16 – "Property, plant and Equipment".

1.4. Statutory obligations

Finding

The Company experienced cash flow challenges during the period under review. As a result, it was not remitting Value Added Tax and National Social Security Authority pension contributions. The entity had long overdue arrears for Value Added Tax (VAT) which accumulated to USD1.3 million as of December 31, 2017. Despite, having agreed payment plan dated December 11, 2017 with ZIMRA, the entity failed to remit its arrears per payment plan. The entity had long overdue arrears for National Social Security Authority (NSSA) pension contributions which accumulated to USD280 847 as of December 31, 2017. This was non-compliance with requirements of National Social Security Act [*Chapter 17:04*].

Risk / Implication

Financial loss due to penalties that may be levied.

Recommendation

The Company should enhance the revenue generation strategy to address the cash flow challenges.

The Company should comply with the statutory deadlines for remitting of both VAT and NSSA pension contributions.

Management response

Cashflow remains the major challenge for the Company, however every effort is being made to address the revenue inflows.

1.5. Fiscalisation

Finding

The Company had not yet fully fiscalised its operations for the years ended December 31, 2017 and 2018. This was contrary to Statutory Instrument 104 of 2010 as read together with Statutory Instrument 148 of 2016 and Statutory Instrument 153 of 2016 which requires all Value Added Tax (VAT) registered operators in categories A, B, C and D to fiscalise and interface the fiscal devices.

Risk / Implication

Financial loss due to penalties that may be levied.

Recommendation

The Company should fiscalise and interface its fiscal devices so as to comply with the provision of in Statutory Instrument 104 of 2010 as read conjunction with Statutory Instrument 148 of 2016 and Statutory Instrument 153 of 2016.

Management response

The entity is fiscalising the back office system which we expect to complete within the 1st quarter of 2024.

1.6. Trade payables

Finding

The Company was not generating enough revenue. As a result, the Company was not settling liabilities within the agreed terms. For instance, the Company failed to remit pension contributions amounting to USD3 million and agency business collections amounting to USD6.7 million as of December 31, 2017 leading to penalties and interest amounting to USD1.5 million being charged on the outstanding debt during the financial year 2017.

In addition, the Company was not preparing reconciliations and trade payable listings. As a result, there were variances amounting to USD 398 256 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

The Company should enhance its revenue generation strategies to improve its cash flows.

Management response

The business experienced cash flow challenges which is being addressed by increasing revenue generation. Management is taking measures to reduce interest expenses and possible litigation.

1.7. Occurrence, completeness and accuracy of accounts payable

Finding

I was not able to obtain payables confirmations due of non-response as some vendors were no longer operational while others could not confirm due to extended lapse of time. I was unable to perform planned alternative audit procedures of validating accruals through subsequent payments or vendor statements. This was because management did not provide detailed vendor statements and subsequent payments post year end.

Risk / Implication

Misstatement of financial statements.

Financial loss due to penalties that may be levied.

Recommendation

Management should put in place adequate controls over the management of payables.

Management response

The vendors did not respond to audit requests and management also tried to get the confirmations, but we failed due to lapse of time. One supplier had a system challenge, the other one changed their system, so they were not able to provide the confirmation. The cleaning company moved their offices, so we could not locate it.

1.8. Cost of sales and operating expenses

Finding

The Company did not avail supporting documents to validate 58% of the operating expenses that I examined. In addition, the Company did not avail creditors reconciliations for the 2017 financial period.

Risk / Implication

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

Recommendation

The Company should improve on record keeping and supporting documents should be availed.

Management response

We failed to locate expenditure vouchers and other supporting due to the lapse of time.

2. REVENUE COLLECTION AND DEBT RECOVERY

2.1. Outstanding receivables

Finding

The Company did not have a policy to manage accounts receivables. As a result, there was also no evidence to support that follow ups were being done on receivables. The Company failed to collect funds from majority of the accounts receivable. The trade receivables include balances dating back to 2010 and that remained uncollected. On average 67% of balances examined remained uncollected.

Risk / Implication

Financial loss due to non-recovery of outstanding amounts.

Recommendation

The Company should make constant follow up on receivables and put in place a policy to manage receivables.

Management response

Management is now charging interest on overdue trade receivables starting July 2019 and we are handing over all overdue debts to our legal department for litigation.

2.2. Accounts Receivables

Finding

I was not able to confirm accounts receivable balances due to non-response of customers. I requested for subsequent receipts and remittance advices to verify the accuracy and existence of receivables and the subsequent receipts provided did not cover the full amount owing as at year end, I was unable to achieve the objective of verifying accuracy and existence of the year end balances. In addition, management did not avail remittance advices for the subsequent receipts provided, consequently validity of the subsequent receipts could not be verified whether they relate to balances owed at year end or for subsequent year invoices.

Risk / Implication

Misstatement of financial statements.

Recommendation

Management should request customer remittance advices on every receipt paid by customers.

Management response

Due to the lapse of time a number of customers did not respond to audit confirmation requests, either because they have migrated to a new system or have changed address. However, requests will be made to customer to avail remittance advices for every receipt that they pay.

3. PROCUREMENT OF GOODS AND SERVICES

3.1. Prepayments

Finding

The Company made advance payments to various suppliers for the purchase of computer equipment amounting to USD1.2 million between period 2011 and 2016. However, the computer equipment was not delivered. The Company recorded a loss provision of USD547 525 and USD1.2 million was written off.

Risk / Implication

Financial loss due to non delivery.

Recommendation

The Company should conduct adequate due diligence when entering into significant transactions with suppliers.

Management response

The prepayments were written off in 2017 and in future due diligence will be conducted before entering into significant transactions with suppliers. The Company has since stopped prepaying suppliers.

Background Information

Zimbabwe Power Company (Private) Limited 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 Zimbabwe Power Company (Private) Limited for the year ended December 31, 2022 and I issued a Qualified Opinion with a report on going concern.

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 the Zimbabwe Power Company (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

i. Valuation of Property, plant and equipment

The valuation of the property, plant and equipment was performed by management as at December 31, 2022. The revaluations were determined in USD and then translated to ZWL$ using the interbank rate as at December 31, 2022. The translated ZWL$ balances were not in compliance with International Financial Reporting Standard (IFRS) 13 – "Fair Value Measurement" as this did not meet the assumptions that market participants would apply in valuing similar items of Property, plant and equipment in ZWL$. I could not determine the extent of adjustments necessary.

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

The functional currency of Zimbabwe Power Company (Private) Limited is Zimbabwe Dollars (ZWL$). In the year 2022, the Company had transactions that were in United States Dollars. The interbank rate was used in the current year as the spot rate to translate the transactions into ZWL$, however the interbank rate applied does not meet the criteria for an appropriate exchange rate as per the requirements of IAS 21**–** "The Effects of Changes in Foreign Exchange Rates" paragraph 8. The financial statements for the prior year were modified for this matter. No assessment of the spot exchange rate and the impact of the differences, if any, has been made consequently, we were not able to establish if the statements for the current period and comparative figures would be materially different if such an assessment had been carried out.

Report on going concern

I draw your attention to the fact that the Company incurred a net loss before tax of ZWL$187.3 billion during the year ended December 31, 2022 and, as of that date, the Company's current liabilities exceeded its current assets by ZWL$379.8 billion. These conditions indicate that a material uncertainty exists that may cast significant doubt on the Company ability to continue as a going concern. My opinion has not been modified in respect of this matter.

Below are other material issues noted during the audit;

1. MANAGEMENT OF ASSETS

1.1. Completion of projects

Finding

The Company was facing funding challenges to complete its capital projects. As a result, the projects at Hwange Power Station were taking long to be completed. The Don Bossco project for the construction of 20 houses which was started in 2012 has been inactive since 2015 and the guest house expansion project has not been completed since 2014. As a result, the houses under construction have developed cracks, roof leaks and sagging of tiled roofs. In addition, some houses have been affected by termite attacks on the roof trusses.

Risk / Implication

Financial loss due to deterioration of property before completion.

Recommendation

Management should engage Treasury through their parent Ministry for funding of outstanding capital projects.

Management response

Noted. The Don Bossco project was still at 80% complete and it was anticipated it would be completed by end of June 2023. However, due to the funding challenges only six (6) out of twenty (20) units would be released. Management had re-strategized and settled on releasing the houses in batches whenever they were ready for occupation.

On the guest house expansion project, the initial variation which had affected the progress of the project had been reversed. The project had been implemented on a steep terrain and the intended variation would have entirely changed the structure of the project. Hence Management had reverted back to the original plan which had been approved and supervised at every stage by the Hwange Local Board. The challenges which were being faced with the roofing had been addressed and ten (10) units out of twenty (20) were ready for occupation and the Hwange Local Board had authorized for the occupation of the houses.

1.2. Ownership of properties

Finding

The Company could not provide evidence of ownership for three residential buildings in Kariba disclosed in the financial statements.

Risk / Implication

Proof of ownership may be difficult to demonstrate in the absence of adequate documentation.

Recommendation

The ownership of the properties should be regularized.

Management response

The houses are newly constructed houses. The station will apply for the title deeds through our Head Office. In future management will ensure copies of title deeds are filed at the station.

2. SERVICE DELIVERY

2.1. Generators

Finding

The Company's asset maintenance plans were not effective during the period. As a result, some generators at Munyati Power Station were not working. For instance, generators 6 and 7 were out of use due to problems related to faulty rotor and stator on each of the generator. Generator 4 required overhaul and was not producing power. As a result, the power plant's generation capacity was negatively affected.

Risk / Implication

Failure of the power station to meet power output requirements resulting in reduced electricity revenue and reduced power supply to the national grid.

Recommendation

Management should embark on measures to ensure that generators are fully functional.

Management response

The station is looking forward to the Repowering Project which will resuscitate the station's generation capacity. Project is awaiting a way forward from ZPC executive in regards to Engineering Project Construction.

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

The Company made progress in addressing audit findings and recommendations raised in my 2022 annual report. I raised three (3) audit findings, one (1) finding was addressed, one (1) was partially addressed and one (1) finding was not addressed as indicated below;

3.1. Insurance premiums

The finding was not addressed as the Company was not paying insurance premiums on time.

3.2. Procurement orders

The finding was addressed. Measures were put in place to correct the anomaly.

3.3. Capacity utilization

The finding was partially addressed. The station has since replaced generating tubes on boilers 6 and 7. In the medium term, the station is going to carry out a 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, 2021 and I issued an Adverse Opinion with a report on going concern.

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, 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 Standards (IAS) 21 – "The Effects of Changes in Foreign Exchange Rates"

Opening balances

A modified opinion was issued on the financial statements for the year ended December 31, 2020. This was due to the use of foreign currency exchange rates that were not considered to be appropriate spot rates for translation of foreign currency denominated transactions and balances, as required by IAS 21- "The effects of Changes in Foreign Exchange Rates" and its effects on the hyperinflation adjustments made in terms of IAS 29 - "Financial Reporting in Hyperinflation Economies". 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", the retained earnings as at December 31, 2020 may contain misstatements. As a result, my opinion on the current year financial statements is modified because of the possible residual effects of the non-compliance with IAS 21 - "The effects of Changes in Foreign Exchange Rates" and the comparability of the current period's figures to that of the comparative period. The effects of this non-compliance were considered material but not pervasive to the financial statements.

ii. Material misstatement of cost of sales- operators' fees

ZUPCO was leasing buses from individual bus owners "lessors" throughout the financial year under review. The majority of lessors were not submitting formal tax invoices. I was unable to verify the accuracy and completeness of the disclosed operators' fees expenses due to the status of accounting records and non-submission of third party documents by management in support of these expenditures. I was unable to verify operators' fees expense by alternative means. I therefore was unable to satisfy myself that cost of sales was fairly stated.

iii. Material misstatement of trade payables

Trade payables were materially misstated as unadjusted understatement of trade creditors amounted to ZWL$ 741 million and unverified operators' fees payable amounted to ZWL$861.9 million. I was unable to get satisfactory explanations for the understatement of the trade creditors balances compared to the creditor's ledger. There were no individual sub-ledgers for bus operators who were leasing out mini buses as at December 31, 2021. I was unable to obtain sufficient appropriate audit evidence that management had properly accounted for trade payables, due to the weakness noted in their accounting records and non-submission of information in support of these payables. I was unable to verify these payables by alternative means. I therefore was unable to satisfy myself that trade payables were fairly stated.

iv. Material misstatement of trade receivables

Trade receivables were materially misstated as unadjusted overstatement of trade receivables amounted to ZWL$ 83.3 million and unverified other receivables amounted to ZWL$74.2 million. I was unable to get satisfactory explanations for the misstatement of receivables.

Management did not also avail the basis for the calculation of allowance for credit losses of ZWL$39.9 million (2020: ZWL$11.8 million). I was unable to verify receivable balances by alternative means. I therefore was unable to satisfy myself that receivables were fairly stated.

v. Material misstatement of private hire revenue

Private hire revenue was materially misstated as invoices were not raised on services provided amounting to ZWL$72.7 million. Management did not make adjustments for understatement of private hire revenue. I could not ascertain the completeness and accuracy of revenue from private hiring.

vi. Non-compliance with International Accounting Standard (IAS) 24 – "Related Parties"

The Company did not disclose the relationship between ZUPCO and Matsimba Technologies (Private) Limited, as required by IAS 24 – "Related Parties" despite one of the members of ZUPCO management committee being the majority shareholder in Matsimba Technologies (Pvt) Limited. A service agreement between ZUPCO and Matsimba Technologies was signed in August 2020. Under the agreement, Matsimba Technologies provided ZUPCO with vehicle tracking and tap-card payment systems. ZUPCO agreed to pay fees equivalent to 5% of its gross revenue generated from transportation of passengers.

Report on going concern

I draw your attention to the fact that the Company incurred a loss of ZWL$4.4 billion (2020: ZWL$4.5 billion) during the year ended December 31, 2021. As of that date, the Company's net current liabilities position was ZWL$260.6 million (2020: ZWL$502.7million). In addition, the Company relies on leasing of buses. The Company entered into several lease arrangements with different individual bus owners for provision of buses. These buses can be withdrawn by the owners without notice. 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. Accounts receivables reconciliations

Finding

The Company was not preparing monthly reconciliations for trade and other receivables. As a result, there was an unreconciled variance of ZWL$ 83.3 million between the trade receivables general ledger and the trade receivables age analysis.

Risk / Implication

Misstatement of financial statements.

Recommendation

Trade and other receivables reconciliations should be prepared on a monthly basis.

Management response

Accounts receivable reconciliations are now being performed at the end of each month. The difference of ZWL$83.3 million was caused by incorrect linking of receivable accounts during the initial setup of the program (SAGE). However, this issue has been identified, and steps are being taken to identify and correct the affected accounts in the upcoming year.

1.2. Value Added Tax (VAT)

Finding

The Company was not effectively monitoring submission of VAT returns to the tax authority by its divisions. As a result, the Southern Division was submitting VAT returns between 14 to 92 days after the statutory deadline. This was contrary to section 28 of the Value Added Tax Act [*Chapter 23:12*] which requires every registered operator to submit VAT returns by the 25th of the first month commencing after the end of a tax period relating to the registered operator.

Risk / Implication

Financial loss due to penalties which may be levied.

Recommendation

The Company should monitor filing of VAT returns.

Management response

Management has also cautioned the Southern Division to submit the returns on time for the avoidance of unnecessary penalty costs to the Company and to task head office to play a monitoring role on all statutory return filing.

1.3. Accounting for fuel inventory

Finding

The Company's accounting processes for inventory were not aligned with accounting standards. The Company expensed fuel bought for Masvingo depot upon purchase instead of recognizing inventory in line with International Accounting Standard (IAS) 2 - "Inventories". There were stock balances of fuel at Masvingo depot as at year end. This was contrary to the requirements of IAS 2 - "Inventories" which requires inventory items in the form of materials or supplies to be consumed in the rendering of services to be initially recognised as an asset and expensed as they are consumed.

Risk / Implication

Misstatement of financial statements.

Recommendation

The Company should align its accounting processes with the requirements of IAS 2 - "Inventories".

Management response

A module for inventory management would be put in use so that items can be put in stock and be issued from the SAGE system rather manually.

1.4. Invoicing private hire fees

Finding

The Company was not performing reconciliations for private hire fees. As a result, credit balances on the customer aged analysis were not being reconciled resulting in unreconciled invoices amounting to ZW$72.7 million.

Risk / Implication

Misstatement of financial statements.

Recommendation

The Company should perform reconciliations for private hire fees.

Management response

Management has noted the issue and commit to make follow ups on all outstanding invoices. In the coming year the Private Hire office should issue only SAGE generated invoices' so that invoices are posted hire in real time.

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

The Company did not make significant progress in addressing audit findings and recommendations raised in my 2020 and 2022 annual report. I raised five (5) audit findings raised in my 2022 annual report and followed up on seven (7) findings outstanding on my 2020 annual report. Two (2) audit findings were addressed, three (3) were partially addressed and seven (7) findings were not addressed as indicated below;

2.1. Accounting for Investment property

The finding was not addressed. The investment property has not been separated from property, plant and equipment. However, the majority of the properties are now owner-occupied by ZUPCO.

2.2. Trade payables

The finding was addressed. The reconciliations were being done on a regular basis as they were able to access eco-cash statements on a daily basis. The accounts were reconciled and are now correct.

2.3. Revenue

The finding was not addressed. The variances which noted on cash collected and cash deposited were not yet reconciled as at December 31, 2021.

2.4. Way bills

The finding was addressed. The Hiring Officers were tasked to ensure that all contracts and hire waybills are signed by clients to confirm that services have been rendered. All drivers dispatched for hires and contracts have to make sure that the clients have signed of their waybills.

2.5. Procurement of fuel

The finding was not addressed. The variances between the quantities of diesel invoiced by suppliers and the quantities received were not investigated and cleared.

2.6. 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.

2.7. 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.

2.8. ZUPCO Board

The finding was not addressed. The company is still under the direction of the same management committee and Board of directors have not been appointed.

2.9. Transactions with related party

The finding was not addressed. No evidence of any safeguards to address conflict of interest was availed.

2.10. Asset register

The finding not addressed. The Company have plans to maintain asset registers for Depot, Divisional and Head office assets and an additional column for asset location will be added. The Company will also maintain a consolidated asset register at Head office. For the year 2022, the assets will be managed using the SAGE Pastel fixed asset module.

2.11. FAW bus parts

The finding has been partially addressed. Seventeen (17) buses have been refurbished and registered. Ten (10) buses were still work in progress.

2.12. Control over waybills

The finding not addressed. Instances where source documents for billing was not properly completed by customers was still occurring.

PUBLIC ENTITIES UNDER THE CATEGORY OF COUNCILS

Background Information

The Agricultural Research Council was established through the Agricultural Research Act [*Chapter 18:05*]. The Council has a role of coordinating, keeping under review, promoting and monitoring all aspects of agricultural research in Zimbabwe.

I have audited the financial statements of the Agricultural Research Council 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 present fairly, in all material respects, the financial position of the Agricultural Research 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'' and International Accounting Standard (IAS) 8- "Accounting Policies, Changes in Accounting Estimates and Errors"

Opening balances

The Council did not comply with IAS 21 - "The Effects of Changes in Foreign Exchange Rates'' in the prior financial year as it elected to comply with Statutory Instrument (S.I. 33 of 2019) from February 22, 2019. This departure from International Accounting Standard (IAS) 21- "The Effects of Changes in Foreign Exchange Rates'' resulted in a qualified opinion being issued in respect of the December 31, 2020 financial statements. Had the Council applied the requirements of International Accounting Standard (IAS) 21- "The Effects of Changes in Foreign Exchange Rates'' many elements of the prior year financial statements, which were presented as comparative financial information, would have been materially impacted. The financial effects of this departure on the prior year financial statements have not been determined. The effect of these misstatements were not appropriately accounted for in the current year in line with the requirements of International Accounting Standard (IAS) 8- "Accounting Policies, Changes in Accounting Estimate and Errors". My opinion for the prior year was 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 Council operated without key posts during the year under review. These posts were for Scientific Director, Director Socioeconomics, Finance and Administration Manager and Information Communication Technology Manager and were not funded and remained vacant since 2020.

Risk / Implication

Decision making and service delivery may be compromised.

Recommendation

The responsible Authorities should consider filling of key vacant posts.

Management response

Board and Management have tried their best in staff replacement for the approved posts but resource availability has been limiting. Treasury concurrence is required in all cases to ensure emoluments and other related benefits are provided for in the Government annual grant as the Council is totally dependent on grant funding.

The post of Chief Executive Officer is a Ministerial approved appointment and requires additional security clearance beyond the board. The contractual obligation also requires Corporate Governance Unit (CGU) clearance before appointment and assumption of duty. The high turnover is linked to the conditions of service the Council can offer.

Background Information

The Allied Health Practitioners Council of Zimbabwe was established in terms of the Health Professions Act [*Chapter 27:19*]. The functions of the Council 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 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 Allied Health Practitioners 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 Qualified Opinion

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

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 IAS 21- "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 20 February 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. IAS 21- "The Effects of Changes in Foreign Exchange Rates", requires the use of spot rates 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 rates.

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 for years 2018 and 2019 would have been materially impacted. In the current year, the Council had not restated the opening balances to resolve the matters which resulted in the modified audit report in the prior year in line with International Accounting Standards (IAS) 8 – "Accounting Policies, Changes in Accounting estimates and Errors.

Below are other material issues noted during the audit;

1. GOVERNANCE ISSUES

1.1. Supporting documents

Finding

I was not availed with supporting documents for expenditure amounting ZWL$133 530. This expenditure was in respect of hotel accommodation, electricity and groceries.

Risk / Implication

Misappropriation of funds.

Irregular expenditure may go undetected.

Recommendation

All payments should be adequately supported.

Management response

For all supplies the recommendation would be complied with in future audits.

2. EMPLOYMENT ISSUES

2.1. Staff costs

Finding

The ratio of staff costs to revenue for the year ended December 31, 2021 stood at 39% against the recommended threshold of 30%. Section 20 of Public Entities Corporate Governance Act [*Chapter 10:31*] requires that the proportion of remuneration, allowances and benefits that may be received by all employees of a public entity (including the Chief Executive Officer and other senior staff members) must not in general exceed thirty per centum of that entity's revenues or operational budget in the past financial year.

Risk / Implication

Service delivery may be compromised.

Recommendation

Staff costs should be processed within the recommended threshold and any excess payments should be appropriately approved.

Management response

The Council annual registration and renewal fees are set at the beginning of the year and because of hyperinflation they are often eroded whilst the board continue to propose staff increment to cushion the staff against hyperinflation as a way to retain them. All fees and expenditure for the year is approved by the Minister through a budget.

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

The Council did not make progress in addressing audit findings raised in my 2022 annual report. I raised one (1) audit finding and it was not addressed as indicated below;

3.1. Bank reconciliations

The finding was not addressed. The Council did not perform bank reconciliations for the year ended December 31, 2021.

Background Information

The Consumer Council of Zimbabwe was 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, 2022 and 2023. I issued an unmodified / clean opinion for 2022 and qualified opinion for 2023.

Opinion 2022

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Consumer Council of Zimbabwe 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).

Qualified Opinion 2023

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 Consumer Council of Zimbabwe as at December 31, 2023 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Qualified Opinion

Unsupported expenditure

I was unable to obtain sufficient appropriate audit evidence on expenditure amounting to ZW$144.7 million due to unavailability of supporting documentation.

Below are material issues noted during the audit;

1. GOVERNANCE ISSUES

1.1. Monitoring of internal controls

Finding

The Council's internal control systems were not subject to review during the year 2022.This exercise should have been done by Internal audit. However, the Council did not have this function, contrary to the requirements of Public Entities Corporate Governance Act [*Chapter 10:31*] section 223 of the first schedule which requires that the Council should be assisted by a competent Internal Audit unit to provide internal audit services.

Risk / Implication

Fraud and material irregularities may not be detected on time.

The effectiveness of the Council's internal controls may not be appraised.

Recommendation

The Council should consider outsourcing the Internal Audit services.

Management response

The internal audit is now being done by the Ministry of Industry and Commerce. Consumer Council of Zimbabwe will hire internal audit consultancy as the size of the organization does not allow for an additional overhead.

1.2. Supporting documentation

Finding

The Council incurred expenditure for repairs maintenance of vehicles, road shows, fuel expenditure, office supplies, air tickets and rentals amounting to ZWL$144. 7million. The payment vouchers were not supported by the requisite supporting documents in the form of invoices and adequate three quotations for procurements that are below the prescribed thresholds as required by section 34 of the Public Procurement and Disposal of Public asset [*Chapter 22:23*].

Risk / Implication

Misstatement of financial statements.

Recommendation

Management should improve the filing system and ensure that all supporting documents for all the Council payments are attached on all payment vouchers**.**

Management response

For expenditure prior to July 2023, we are still looking into the files that were handed over from previous Finance Manager in July 2023 but we are not able to find some of the paperwork. The rest are payments done after the handover and not yet found.

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

The Council did not make progress in addressing audit findings that I raised in my 2020 and 2022 annual report.I raised one (1) audit finding in my 2022 annual report and followed up on one (1) finding outstanding in my 2020 annual report. All the two (2) findings were not addressed as indicated below;

2.1. Risk management policy

The finding was not addressed. The Council is still in the process of developing a Risk Management policy.

2.2. Lease agreement

The finding was not addressed. The Council did not have a renewed lease agreement since 2022.

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 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 matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly in all material respects, the financial position of the 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 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 IAS 21- "The Effects of Changes in Foreign Exchange Rates" in the prior financial period, as it elected to comply with Statutory Instrument 33 of 2019. Had the assessment required by IAS 21- "The Effects of Changes in Foreign Exchange Rates" occurred in the correct period from October 1, 2018, the adjustments that were recognised in the prior period would have been materially different. The financial effects of this departure could not be determined, and had not been corrected on the opening balances in line with International Accounting Standard (IAS) 8 – "Accounting Policies, Changes in Accounting Estimates and Errors".

Furthermore, during the prior and current financial year, the foreign currency denominated transactions and balances were translated into ZWL$ using interbank or auction exchange rates. These were not considered appropriate spot rates for translation as required by IAS 21- "The Effects of Changes in Foreign Exchange Rates". Had the 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. 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 16 (IAS) – "Property, plant and equipment"

The Council did not perform a revaluation exercise either by engaging an independent valuation or management professional judgement to establish the fair value of the assets as at December 31, 2021. This was contrary to the requirements of International Accounting Standard (IAS) 16- "Property, plant and equipment" paragraph 31 which requires that revaluations be carried out regularly, so that the carrying amount of an asset does not differ materially from its fair value at the reporting date. Consequently, I could not determine whether any adjustment to the amount of property, plant and equipment was necessary.

iii. Revenue recognition

The Council had total fees for the year amounting to ZWL$ 12.6 million which was recognised on cash basis as contrary to the accruals concept of accounting. The accruals concept of accounting requires that transactions should be recorded in the accounting periods when they actually occur, rather than in the periods when cash flows associated with them are received. Billing was being done upon receiving fees from members. My opinion is modified due to the effects of the above on revenue and receivables.

iv. Non-compliance with International Financial Reporting Standard (IFRS) 9 – "Financial Instruments"

The Council recognised trade receivables amounting to ZWL$ 272 220. However, they did not conduct an assessment of credit risk, which was contrary to the requirements of IFRS 9– "Financial Instruments" paragraph 5.5.1 which requires that credit losses should be measured and recognised using the expected credit losses (ECL) approach. The Expected Credit Loss approach relies on a relative assessment of credit risk, looking at how current and future economic conditions affects the probability of default. As a result, I could not satisfy myself on the valuation of trade receivables as at December 31, 2021.

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

The Council applied the requirements of IAS 29 - "Financial Reporting in Hyperinflationary Economies" 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 was considered material but not pervasive to the financial statements for the year ended December 31, 2021.Consequently, the monetary loss of ZWL$1.07 million (2020: monetary gain of ZWL$ 9.99 million) on the statement of profit or loss and other comprehensive income was impacted.

Below are other material issues noted during the audit;

1. GOVERNANCE ISSUES

1.1. Valuation of property, plant and equipment

Finding

The Council's property, plant and equipment was valued at ZWL$ 32.59 million which constitutes 92% of total assets. The Council did not perform a revaluation exercise either by engaging an independent valuation or management professional judgement to establish the fair value of the assets as at December 31, 2021. The provisions of International Accounting Standard (IAS) 16- "Property, plant and equipment" paragraph 31 requires that revaluations should be carried out regularly, so that the carrying amount of an asset does not differ materially from its fair value at the reporting date.

Risk / Implication

Misstatement of property, plant and equipment.

Recommendation

The Council should adhere to the provisions of IAS 16- "Property, plant and equipment".

Management response

The revaluation of assets was done in 2020 and as per Council, policy will only be done in 2023.

1.2. Alignment of accounting processes to the reporting framework

Finding

The Council did not align its accounting processes to the requirements of the accounting framework in that the Council did not conduct assessment of the credit risk on the trade receivables disclosed amounting to ZWL$ 272 220. This was contrary to the requirements of IFRS 9- “Financial Instruments” paragraph 5.5.1 which requires that credit losses should be measured and recognised using the expected credit losses (ECL) approach.

Risk / Implication

Misstatement of financial statements.

Recommendation

Allowance for credit loss should be determined on the trade receivables in line with IFRS 9, “Financial Instruments”.

Management response

Noted, we will commit to undertaking a risk assessment process with immediate effect. However, an assessment for credit risk was not performed due to a shortage of staff and an incompetent accountant who has since been dismissed.

1.3. Policy documents

Finding

The Council was using draft policies which include motor vehicle policy, human resources policy, the risk policy and community engagement policy. Some of the approved policies were outdated and had not been reviewed since 2011 despite changes in the operating environment. In addition, the Council had no internal audit arrangements to evaluate the internal controls. As a result, there was no guidance in the policies on the preparation of bank reconciliations.

Risk / Implication

Irregular transactions may be processed.

Inconsistence in policy implementation.

Recommendation

Management should ensure the standard operating procedures in use are approved by the Council. These must be reviewed and updated on a regular basis.

Management response

Noted, currently we are in the process of updating and revising the policies as per each department hoping that with a period of a month or two, we will be done updating and documenting the policies.

1.4. Asset register

Finding

The Council's asset register was not regularly updated to include essential details. For instance, the asset register had the following deficiencies:

- no details on condition of assets,
- description of the assets not comprehensive,
- serial numbers recorded were different from the ones that appeared on the physical asset,
- depreciation charge for the year was not shown in the asset register and
- some assets that were verified during the audit were not recorded in the assets register and had no asset numbers.

Risk / Implication

Assets may be misappropriated.

It may be difficult to trace assets from the register to the physical asset.

Recommendation

The Council should regularly update the asset register with all essential details in line with the section 100(1)(4) of the Public Finance Management (Treasury Instructions).

Management response

Noted, will rectify. We are going to properly carry out an asset count and correctly document them with comprehensive details on each asset.

1.5. Asset verification

Finding

The Council did not conduct an asset verification exercise in the year under review contrary to section 105 of Statutory Instrument 144 of 2019 that require Accounting Officers to carry out physical asset counts regularly and at least twice a year to establish existence, status and condition of its assets.

Risk / Implication

Assets might be misappropriated.

Recommendation

The Council should update its year end procedures to include asset verification exercises.

Management response

Noted. We are going to properly carry out an asset count and correctly document them with comprehensive details on each asset and we will carry periodic asset counts.

1.6. Statutory obligations

Finding

The Council experienced staff shortages during the period under review. As a result, VAT returns were submitted on average from 1 to 71 days after the statutory deadline and payments were also not remitted on time. This was contrary to the requirements of the Value Added Tax Act [*Chapter 23:12*] which requires VAT returns, supporting schedules and payments to be lodged with the ZIMRA by the 25th of the month following the tax period.

In addition, the Council did not remit National Social Security Authority contributions deducted during the year under review in line with National Social Security Authority Act [*Chapter 17:04*]. I was not availed with payment vouchers in support of the remittances to National Social Security Authority for the months of January, April, June, September and December.

Risk / Implication

Financial loss due to penalties and interest that may be levied.

Recommendation

The Council should address the staff shortages and VAT returns be submitted on time in line with the requirements of the Value Added Tax Act [*Chapter 23:12].*

Statutory obligations should be remitted on time.

Management response

Noted. Council takes this seriously. Council was short staffed and there is an increase from three (3) to five (5) to improve quality in Accounts Department.

1.7. Investment policy

Finding

The Council had no investment policy to guide its staff on how they invest its funds. As a result, the Council had money market investments amounting to ZWL$ 110 790 as at December 31, 2021 which were invested between 2012 and 2014 without a policy. I could not ascertain whether the Council was getting the desired return on their investments.

Risk / Implication

Inconsistences on processing of investments.

Recommendation

The Council should ensure that they have an investment policy to ensure investments are carried out properly.

Management response

Observation noted. The Council has opened Unit Trust. Following your observation Council is looking into this matter with a view of coming up with an investment policy in the first quarter of 2024.

2. REVENUE COLLECTION AND DEBT RECOVERY

2.1. Revenue recognition

Finding

The Council was recording fees on cash basis contrary to the requirements of International Financial Reporting Framework which requires that transactions to be recorded in the accounting periods when they actually occur, rather than in the periods when cash flows associated with them are received.

Risk / Implication

Misstatement of revenue and receivables.

Recommendation

The Council should develop and implement policies and procedures for revenue recognition based on the accrual concept.

Management response

Noted. We are already in the process of reviewing and updating policies and procedure manuals, this will help and guide specifically on revenue recognition and any other matters that need require proper accounting procedures.

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

The Council made no progress in addressing audit findings raised in my 2022 annual report. I raised one (1) audit finding and it was not addressed as indicated below;

3.1. Sourcing of quotations

The finding was not addressed. The Council was still procuring without sourcing the required three (3) quotations in 2021.

Background Information

Food and Nutrition Council was 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, 2023 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, 2023, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

I made a follow up on the finding raised in my 2022 annual report and below is the status;

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

The Council made progress in addressing audit finding raised in my 2022 annual report. I raised one (1) audit finding and was addressed as indicated below;

1.1. Internal audit

The finding was addressed. The Council recruited an internal auditor in the last quarter of 2023.

Background Information

The Medical and Dental Practitioners Council of Zimbabwe is a statutory body established in terms of Section 29 of the Health Professions Act [*Chapter 27:15*] to regulate the medical and dental professions in Zimbabwe. The functions of the Council are to register, educate, and discipline the medical and dental professions.

I have audited the financial statements for Medical and Dental Practitioners Council of Zimbabwe for the year ended December 31, 2022 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 the Medical and Dental Practitioners Council 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

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

Opening balances

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 was not considered an appropriate spot rate for transactions in terms of IAS 21- "Effects of Changes in Foreign Exchange Rates". The opinion on the prior year financial statements was modified in respect of misstatements in the opening balances and the misstatements have not been corrected in the financial statements for the year ended December 31, 2022 in accordance to International Accounting Standard (IAS) 8- "Accounting Policies, Changes in Accounting Estimates and Errors".

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

The Council 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- "Effects of Changes in Foreign Exchange Rates" as described above. Had the correct base numbers been used, many elements of the financial statements would have been materially different. The effects of the departure from the requirements of these standards is considered material to the financial statements but not pervasive**.**

Below are other material issues noted during the audit;

1. GOVERNANCE ISSUES

1.1. Translation of foreign denominated balances

Finding

During the period February 22, 2019 to December 31, 2020, the foreign currency denominated transactions and balances were translated into ZWL$ using the interbank exchange rate which was not considered an appropriate spot rate for transactions in terms of IAS 21- "Effects of Changes in Foreign Exchange Rates". The opening balances of non-monetary items for items such as office and computer equipment, furniture and fittings and other assets had not been adjusted to correct the misstatements.

Risk / Implication

Misstatement of financial statements.

Recommendation

The Council should comply with the requirements of the reporting framework.

Management response

The Council will ensure that the assets are revalued at the end of the financial year.

1.2. Asset register

Finding

The Council's internal controls over the recording and management of assets were not effective during the year ended December 31, 2022. As a result, some assets recorded in the asset register could not be located which included leather sofa and ten (10) chairs with steel frame and padding.

Risk / Implication

Misappropriation of assets.

Recommendation

The Council should investigate and locate the missing assets.

Controls over recording and management of assets should be enhanced.

Management response

The Council has taken note of it and investigations are underway to establish the location of some of the assets. In addition, the Council has further implemented an asset verification process and reconciliation, so these issues should not be prevalent in the current period on wards.

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 year ended December 31, 2022 and I have 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 Medical Laboratory and Clinical Scientists Council of Zimbabwe 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. Non-compliance with International Accounting Standard (IAS) 21 – "The Effects of Changes inForeign Exchange Rates"

During the prior and current financial year, foreign currency denominated transactions and balances of the Council were translated into Zimbabwean dollars (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 as a whole.

Had the financial statements been prepared in accordance with the requirements of IAS 21- "The Effects of Changes in Foreign Exchange Rates", the financial statements would have been materially affected. The effects on the financial statements of the non- compliance with IAS 21- "The Effects of Changes in Foreign Exchange Rates" are considered material but not pervasive to the financial statements as a whole.

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

The Council has applied the IAS 29 - "Financial Reporting in Hyperinflationary Economies" with effect from January 1, 2019 to December 31, 2022. However, its application was based on prior year financial information which was 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 monetarygain/loss) would have been materially different. The impact of the departure from the requirements of this standard was considered material but not pervasive to the financial statements for the year ended December 31, 2022.

Below are other material issues noted during the audit;

1. GOVERNANCE ISSUES

1.1 Segregation of duties

Finding

There was no segregation of duties in the processing of transactions as one person was responsible for capturing and posting of journals in the system. These functions are ordinarily supposed to be performed by different officers. This resulted in a number of errors and reversals and the reversals were processed without management's authorisation.

Risks / Implication

Fraud or errors may go undetected.

Recommendation

Incompatible duties should be segregated.

Management should ensure that all journals processed must be reviewed and authorized at the appropriate level of management before being posted in the system.

Management response

Noted, Council to ensure all reversal journals are approved before updated into the accounting system.

1.2 Income recorded inclusive of VAT

Finding

The accounting personnel responsible for processing transactions in the accounting system were not adequately trained. As a result, revenue amounting to ZWL$1.2 million was posted in the accounting system inclusive of value added tax.

Risk / Implication

Errors and material irregularities may not be detected.

Recommendation

Management should ensure that accounting staff are adequately trained.

Management response

Noted, Council to ensure transaction are recorded net of VAT.

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

The Council made progress in addressing audit findings raised in my 2022 annual report. I raised two (2) audit findings and they were all addressed as indicated below;

2.1. Legal services by a board member

The finding was addressed. The Council had appointed a law firm to handle the legal issues.

2.2. Alignment of accounting processes to the reporting framework

The finding was addressed. Revaluations were performed.

Background Information

Medical Rehabilitation Practitioners Council of Zimbabwe was established in terms of part XI, section 57 of the Health Professions Act [*Chapter 27:19*]. The functions of the Council 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 Medical Rehabilitation Practitioners.

I have audited the financial statements of Medical Rehabilitation Practitioners Council of Zimbabwe for the years ended December 31, 2021 and 2022 and I issued Adverse Opinions for both years.

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, in all material respects, the financial position of the Medical Rehabilitation Practitioners 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 Adverse Opinion

i. Non-compliance with International Accounting Standard (IAS) 21 - "Effects of Changes in Foreign Exchange Rates" and International Accounting Standard (IAS) 29 – "Financial Reporting in Hyperinflationary Economies"

Opening balances

The opening balances for 2019 financial period were reported in USD currency at the end of 2018 financial year and translated to ZWL$ at the rate of 1:1 at the beginning of 2019 when the Council changed its functional currency. 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 (SI 33 /19). 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 33/19. This constituted a departure from the requirements of IAS 21- "Effects of Changes in Foreign Exchange Rates". As a result, the misstatements in the prior year's income statement were carried forward in the current retained earnings balance. I could not determine the extent of adjustments necessary.

The Council applied International Accounting Standard (IAS) 29 – "Financial Reporting in Hyperinflationary Economies" on prior period financial information which was not in compliance with the requirements of IAS 21 - "The Effects of Changes in Foreign Exchange Rates". 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 was considered material but not pervasive to the financial statements for the year ended December 31, 2021.

ii. Non- compliance with International Financial Reporting Standard (IFRS) 13 – "Fair value measurement"

The determination of fair values of assets, transactions and liabilities presented in the financial statements did not meet the requirements of IFRS 13 – "Fair value measurement" which 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 values which 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. The fair values presented in the financial statements were affected by the prevailing economic environment and may therefore be misstated. I was therefore unable to obtain sufficient evidence to support the appropriateness of simply applying the ZWL$/USD interbank exchange rate in determining the ZWL$ fair value.

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

The Council had not revalued the entire class of land and buildings as it excluded the perimeter wall. This was contrary to the requirements of IAS 16 - "Property, plant and equipment" paragraph 36 which requires revaluation of an entire class of property plant and equipment whenever revaluation is performed. In addition, the other classes of property plant and equipment which include furniture and equipment, computer equipment and office equipment had not been revalued despite the inflationary environment in which the Council operates. The effect of the departure from the requirement of IAS 16- "Property, plant and equipment" was considered material to the Council's financial statements.

Adverse Opinion 2022

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, in all material respects, the financial position of the Medical Rehabilitation Practitioners of Zimbabwe 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 Adverse Opinion

i. Non-compliance with International Financial Reporting Standard (IAS 21)- "Effects of Changes in Foreign Exchange Rates" and Non-compliance with International Accounting Standard (IAS) 29 – "Financial Reporting in Hyperinflationary Economies"

Opening balances

The opening balances for 2019 financial period were reported in USD currency at the end of 2018 financial year and translated to ZWL$ at the rate of 1:1 at the beginning of 2019 when the Council changed its functional currency. 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 (SI 33 /19). 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 33/19. This constituted a departure from the requirements of IAS 21- "Effects of Changes in Foreign Exchange Rates". As a result, the misstatements in the prior year's income statement were carried forward in the current retained earnings balance. I could not determine the extent of adjustments necessary.

The Council applied International Accounting Standard (IAS) 29 – "Financial Reporting in Hyperinflationary Economies" on prior period financial information which was not in compliance with the requirements of IAS 21 - "The Effects of Changes in Foreign Exchange Rates". 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 was considered material but not pervasive to the financial statements for the year ended December 31, 2021.

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

The Council had not revalued the entire class of land and buildings as it excluded a perimeter wall. This was contrary to the requirements of IAS 16 - "Property, plant and equipment" paragraph 36 which requires revaluation of an entire class of property plant and equipment whenever revaluation is performed. In addition, the other classes of property plant and equipment which include furniture and equipment, computer equipment and office equipment had not been revalued despite the inflationary environment in which the Council operates. The effect of the departure from the requirement of IAS 16- "Property, plant and equipment" was considered material to the Council's financial statements**.**

Below are other material issues noted during the audit;

1. GOVERNANCE ISSUES

1.1. Statutory returns

Finding

The Council was not preparing and remitting PAYE and NSSA returns for the year ended December 31, 2022.

Risks / Implication

Financial loss due to penalties which may be levied.

Recommendation

The Council should file statutory returns and remit the payments on time.

Management response

Noted, the Council will submit 2022 returns to NSSA.

1.2. Debtors reconciliations

Finding

The Council was not preparing monthly debtors reconciliation for the years under review. In addition, the Council had unreceipted deposits that had not been cleared at year end.

Risk / Implication

Errors may go undetected.

Recommendation

Management should ensure that debtors' reconciliations are prepared on a monthly basis and non-reconciling items resolved timeously.

Management response

A lot of technological changes have meant that some processes are no longer capable of being performed the way they should be done. The nature of our business, where we have to lobby members to own up their debts. Some are using modes of payments where they do not even capture their names.

We will try to work out a system by which a record of members who have paid up as evidenced by certificates will be maintained so that we will be able to know who owes the Council for practising members and who has outstanding debts. This will help reconcile the ledger to subsidiary ledger.

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

The Council has not addressed the finding that I raised in my 2021 annual report as indicated below;

2.1. Acknowledgement of purchases

The finding was not addressed. The Council was not following up on submission of invoices/receipts after payments based on quotations.

Background Information

The National Aids Council was established in terms of the National AIDS Council Act [*Chapter 15:14*]. The function of the Council is to provide measures to combat the spread of Human Immunodeficiency 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, 2022 and I have 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 National AIDS Council 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) 16 - "Property, plant and equipment" and International Accounting Standard (IAS) 36 - "Impairment of assets".

The Council did not review the useful lives of its assets. This was not in line with IAS 16 - "Property, plant and equipment" paragraph 51 which require that residual value and the useful life of an asset be reviewed at least at each financial year-end. In addition, the Council did not provide evidence of impairment assessment on its assets as required by IAS 36 - "Impairment of Assets" paragraph 9, which requires that an entity should assess at each reporting period, whether there are indicators of impairment. Had the Council reviewed the useful life of its items of property, plant and equipment and carried out an assessment of impairment, the carrying amount of property, plant and equipment would have been materially different.

ii. Non-compliance with International Financial Reporting Standard (IFRS) 13 - "Fair value measurement"

The Property, plant and equipment have not been revalued for the past five years, despite significant changes in the operating environment. International Accounting Standard (IAS) 16 - "Property, plant and equipment" paragraph 31 requires that revaluations be conducted with sufficient regularity to ensure that the carrying amounts of property plant and equipment does not materially differ from their fair value at the reporting date. The lack of revaluation has resulted in the carrying amounts of property, plant and equipment not reflecting their current fair values as defined by IFRS 13- "Fair value measurements." IFRS 13- "Fair value measurements" paragraph 2 defines fair value as a 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. Had the Council revalued its property, plant and equipment, the carrying amount could have been materially different.

iii. Non-compliance with International Accounting Standard (IAS) 2 - "Inventories"

The Council expensed inventory items that were not yet consumed contrary to IAS 2 - "Inventories". Items of inventories that were in stock included fuel, stationery, new vehicle tyres and information education and communication materials. Had the Council accounted for these items in stock at year end in accordance with IAS 2 - "Inventories", the expenses recorded would have been materially different.

Below are other material issues noted during the audit;

1. GOVERNANCE ISSUES

1.1. Board meetings

Finding

There was a board member who did not attend some of the board meetings conducted during the year. This was contrary to Section 143 of the Public Entities Corporate Governance Act [*Chapter 10:31*] which requires that board members should attend all board meetings and should, in any event attend not less than seventy-five percent of the board meetings in a year and seventy-five percent of the committee meetings of which they are members. The member attended 5 out of 9 main board meetings (59%).

Risk / Implication

Oversight role of the Board may be compromised.

Recommendation

Board members should attend board meetings in line with the requirements of the Public Entities Corporate Governance Act [*Chapter 10:31*].

Management response

The member could not attend due to other commitments at the Ministry but due apologies were given.

1.2. Board fees

Finding

The Council paid sitting allowances to board members for meetings which they did not attend. This was contrary to the requirements of Section 14.7 of the Public Entities Corporate Governance Act [*Chapter 10:31*] which stipulates that no public entity shall pay a member of its board a sitting allowance or other amount in respect of attendance at a meeting unless the meeting has been held and the member has attended it.

Risk / Implication

Financial loss due to payment for services not rendered.

Recommendation

Sitting allowances should be paid to members who would have attended the meetings.

Management response

We process the request with all Board members listed but then the final payment is made against the attendance register after the meeting. However, in this case, on of the board members gave an apology and payment to him was made in error hence it shall be recovered. Another member also gave an apology on the 25th of January hence payment was made in error and it shall be recovered.

2. MANAGEMENT OF ASSETS

2.1. Alignment of accounting processes to reporting framework

Finding

The Council's accounting policy was not aligned to the requirements of by IAS 16 - "Property, plant and equipment" paragraph 51, which requires that residual value and the useful life of an asset to be reviewed at least at each financial year-end. The year-end guidelines were also not adequate as they did not provide for impairment assessment for assets as required by IAS 36 - "Impairment of assets" paragraph 9, which requires the Council to assess at each reporting date, whether there are indicators of impairment on its assets and frequency of revaluation of assets as required by International Accounting Standard (IAS) 16 - "Property, plant and equipment" paragraph 31 which requires that revaluations be conducted with sufficient regularity to ensure that the carrying amounts of property, plant and equipment does not materially differ from their fair value at the reporting date. As a result, assessment of useful lives and revaluation of assets were last performed in 2018. Although management indicated that they assess the useful lives at the time of initial recognition, annual assessment is required in terms of IAS 16 - "Property, plant and equipment".

Risk / Implication

Financial statements may be materially misstated**.**

Recommendation

The Council's accounting policy should be aligned to the accounting framework.

Management response

The assessment of an asset's useful life occurs upon recognition and is periodically reviewed throughout its lifespan. This evaluation is conducted in accordance with both the policy and relevant standards. In the case of motor vehicles, their most recent assessment took place in 2018 when they were revalued according to the policy guidelines.

2.2. Accounting for inventory

Finding

The Council's accounting policy for inventory was not aligned with accounting standards. As a result, the Council expensed inventory items that were not yet consumed contrary to the requirements of International Accounting Standard (IAS) 2 - "Inventories". Items of inventories that were in stock included fuel, stationery, new vehicle tyres and information education and communication materials and these were not disclosed as inventory in the financial statements at year-end.

Risk / Implication

Financial statements maybe materially misstated.

Recommendation

The Council should align its accounting policy for inventory to the reporting framework.

Management response

The policy states that inventories are expensed at the time of purchase. The teas and cleaning provisions, programmes Information Education and Communication (IEC) materials and programme stationery items are expensed on procurement since they hold low significant values and are expected to be utilized within a quarter after procurement. The inventory is accounted for through the bin cards and the balances can be ascertained at any particular time.

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

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

3.1. Constitution of the Board

The finding was partly addressed. The Ministry was still working on the issue following re-engagement by management.

Background Information

The National Arts Council of Zimbabwe was established in terms of the National Arts Council of Zimbabwe Act [*Chapter 25:07*]. The functions of the Council are to encourage arts organizations operating in the country to register in terms of this Act. Other functions include assisting, advising and supervising registered arts organizations operating in the Country.

I have audited the financial statements of National Arts Council of 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 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 Arts 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 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, Change in Accounting Estimates and Errors"

Opening balances

The prior years' financial statements did not comply with the requirements of IAS 21 - "The Effects of Changes in Foreign Exchange Rates", as the Council had not been able 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 2021 opening balances misstatements have an impact on the current year financial statements. The Council did not restate its prior year financial statements in accordance with International Accounting Standard (IAS) 8 - "Accounting Policies, Change in Accounting Estimates and Errors".

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

The Council did not carry out an annual assessment of the useful lives and residual values of its items of property, plant and equipment as required by International Accounting Standard (IAS) 16 – "Property, plant and equipment" paragraph 51. As a result, there were assets with nil values that were still being used by the Council. Had the Council reviewed the useful lives of its assets, the value of its property and equipment reported could have been materially different.

Below are other material issues noted during the audit;

1. GOVERNANCE ISSUES

1.1 Submission of financial statements

Finding

The Council submitted the 2021 Financial Statements for audit on the December 12, 2022. This was contrary to the requirements of the Public Finance Management Act [*Chapter 22:19*] section 49 which requires financial statements to be submitted for audit by February 28 or 29 each year.

Risk / Implication

Fraud and error may not be detected on time.

Transparency and accountability maybe compromised.

Recommendation

The Council should submit financial statements on time as required by the Public Finance Management Act [*Chapter 22:19*].

Management response

Late submission of Financial Statements was due to the backlog created during the 2020/2021 covid pandemic period. The Council is now up to date with the preparation of financial statements. 2022 financial statements will be submitted soon after the completion of the asset's revaluation programme being carried out.

1.2 Board composition

Finding

The Board was not fully constituted as positions for two (2) board members were vacant since November 2021. This was in contravention with section 5 of the National Arts Council Act [*Chapter 25:07*] which requires appointment of ten (10) members to the board of the Council.

Risk / Implication

Oversight role of the Board and service delivery may be compromised.

Recommendation

The Council should follow up with the appointing Authority on filling of the board vacant posts.

Management response

The observation is noted. The Ministry was notified of the existence of the two vacancies during the Minister's meetings with the Board but no feedback was received by Management on the matter.

1.3 Board fees

Finding

The Council was not reviewing payments to Board members before they are passed for payment. As a result, the Council paid ZWL$10 504 sitting fees to a board member for a meeting held on November 24, 2021 which the member had not attended. This was contrary to the provisions of Section 14(7) of the Public Entities Corporate Governance Act [*Chapter 10:31*] which requires payment of board sitting allowances to members who have attended the meeting.

Risk / implication

Financial loss due to payment for services not rendered.

Recommendation

Sitting allowances should be paid only to members who would have attended meetings.

Management response

The observation is noted. The amount ZWL$10 504 paid in error was recovered from the Board member's first quarter allowances paid on May 2, 2023.

1.4 Valuation of assets

Finding

The Council did not carry out an annual assessment of useful lives and residual values for its assets. As a result, there were fully depreciated assets in its books which were still being economically used. This was contrary to International Accounting Standard (IAS) 16- "Property, plant and equipment" paragraph 51 which requires the useful life and residual values of assets to be assessed annually.

Risk / Implication

Misstatement of financial statements.

Recommendation

The Council should conduct an annual assessment of useful lives and residual values of its assets as required by Accounting Standard (IAS) 16- "Property, plant and equipment".

Management response

The observation is noted. An independent revaluation of assets is currently being done and 2022 Financial statements will have the revaluation balances as the adjusted closing figures and opening figures for 2023.

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

The Council did not make significant progress in addressing audit findings that I raised in my 2020 and 2021 annual report.I raised three (3) audit findings in my 2021 annual report and followed up on two (2) findings I raised in my 2020 annual report. One (1) finding was addressed and four (4) were not addressed as indicated below;

2.1 Operational vehicles

The finding was not addressed. The Council did not procure an operational vehicle.

2.2 Human resources policy

The finding was not addressed. The Human capital policy and procedure manual is not yet in place.

2.3 Withholding tax

The finding was addressed. Withholding tax is now being remitted.

2.4 Grant Aid

The finding was not addressed. The remainder of the allocated grant was not received.

2.5 Office accommodation

The finding was not addressed. The Council is still in arrears for rent for all stations.

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 are 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 Pharmacists Council of Zimbabwe for the year ended December 31, 2022 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 the Council 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 Effects of Changes in Foreign Exchange Rates"

During the prior and current financial year, the foreign currency denominated transactions and balances were translated to ZWL$ using interbank exchange rates. These were not considered appropriate spot rates for translation as defined by IAS 21 - "The Effects of Changes in Foreign Exchange Rates" paragraph 8. 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 financial statements would have been materially affected.

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

The Council applied International Accounting Standard (IAS) 29 – "Financial Reporting in Hyperinflationary Economies" to numbers that did not apply correctly to the requirements of IAS 21 - "The Effects of Changes in Foreign Exchange Rates". Had the correct base numbers and start date been used, most elements of the financial statements would have been materially different. This had an impact on monetary gain of ZWL$ 38.9 million (2021: ZWL$ 75.3 million) on the statement of comprehensive income.

iii. Sundry expenses

The Council did not provide supporting documents for the amounts recorded in sundry expenses of ZWL$ 48.8 million for the year ended December 31, 2022. As a result, I was not able to satisfy myself on the validity of the reported figures.

Below are other material issues noted during the audit;

1. GOVERNANCE ISSUES

1.1. Sundry expenses

Finding

The Council did not provide supporting documents for the amounts recorded in sundry expenses of ZWL$ 48.8 million for the year ended December 31, 2022. As a result, I could not validate the expenditure that was posted in the books of accounts.

Risk / Implication

Misstatement of financial statements.

Misappropriation of funds.

Recommendation

The Council must ensure all unsubstantiated balances are investigated and cleared in time.

Management response

Noted. To be implemented in year 2023.

2. PROCUREMENT OF GOODS AND SERVICES

2.1 Delivery of purchased assets

Finding

The Council made an advance payment for the purchase of a Toyota Hilux GD6 double cab amounting to ZWL$ 8.7 million in September, 2021. According to the supplier agreement, the motor vehicle was supposed to be delivered within eight (8) weeks from the date of issue of the purchase order. However, the motor vehicle had not been delivered as at December 31, 2022.

In addition, I was not availed with an advance payment guarantee contrary to the requirements of section 97 (3) of the Public Finance Management [Treasury Instructions] 2019 which requires an advance payment guarantee for all advance payments.

Risk / Implication

Financial loss due to non-delivery of the vehicle.

Recommendation

The Council should follow up with the supplier on the delivery of the motor vehicle.

Management response

This is noted. The matter was taken for arbitration and is being attended to by the Council lawyers.

3 PROGRESS TOWARDS ADDRESSING PRIOR YEAR AUDIT FINDINGS AND IMPLIMENTATION OF RECOMMENDATIONS

The Council made progress in addressing audit findings that I raised in my 2022 annual report. I raised three (3) audit findings. All the three (3) findings were addressed as indicated below;

3.1 Suspense Account

The finding was addressed. The suspense balance of ZWL$18.1 million was cleared in 2022 against the relevant customer accounts.

3.2 Billing system

The finding was addressed. The billing system was cleared in 2022.

3.3 Delivery of goods and services

The finding was addressed. In the fourth quarter of 2023, the Council was paid ZWL$342 million to cater for the purchase price of the vehicle, interest to cover financial loss in value of the money paid and legal costs associated with the arbitration.

Background Information

Traditional Medical Practitioners Council was established in terms of the Traditional Medical Practitioners Act [*Chapter 27:14*]. The function of the Council is to provide for the registration and regulation of the practice of traditional medical practitioners.

I have audited the financial statements of Traditional Medical Practitioners Council for the years ended December 31, 2022 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, in all material respects, the financial position of Traditional Medical Practitioners Council 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 Adverse Opinion

i. Non-compliance with International Accounting Standard (IAS) 1- "Presentation of Financial Statements

The Council's financial statements had no comparative information for the year ended December 31, 2022, contrary to the requirements of IAS 1- "Presentation of financial statements. The standard requires comparative information to be disclosed in respect of previous period for all amounts reported in the financial statements, both on the face of the financial statements and in the notes. Comparative information is provided for narrative and descriptive where it is relevant to understanding the financial statements of the current period. Due to the absence of these figures, the financial statements did not comply with the requirements of IAS 1- "Presentation of financial statements".

Had the financial statements been prepared in accordance with the requirements of IAS 1, many elements would have been materially affected. The departure from the International Accounting Standard (IAS) 1- "Presentation of financial statements" requirements was therefore considered to be material and pervasive.

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

The Council translated United States dollar (USD) denominated transactions and balances into the reporting Zimbabwean Dollars (ZWL$) currency using the interbank exchange rate. The interbank exchange rates were not considered an appropriate spot rate in line with the requirements of IAS 21– "The Effects of Changes in Foreign Exchange Rates" as it did not reflect the willing buyer and willing seller concept of transactions, therefore falling short of compliance with the requirements of IAS 21– "The Effects of Changes in Foreign Exchange Rates". The effects on the financial statements of the non-compliance with IAS 21– "The Effects of Changes in Foreign Exchange Rates" was considered 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. Alignment of accounting processes with the accounting framework

Finding

The Council had no comparative financial information for the year ended December 31, 2022. This was contrary to the requirements of International Accounting Standard (IAS) 1- "Presentation of financial statements" which requires comparative information to be disclosed in respect of previous period for all amounts reported in the financial statements both on the face of the financial statements and in the notes.

Risk / Implication

Misstatements of financial statements.

Recommendation

Management should prepare and disclose comparative financial information for its financial statements.

Management response

Noted. Going forward we are going to abide by the required Accounting Standard (IAS) 1- "Presentation of Financial Statements".

1.2. Submission of financial statements

Finding

The Council did not comply with Traditional Medical Practitioners Act [*Chapter 27:14*] Part III, section 10 subsection 2(c) and 2(d) which requires the Council to ensure that the Council's books of accounts are audited and reports submitted to the relevant authorities. Prior to year 2022, there was no evidence of audits being done.

Risk / Implication

Decision making and performance evaluation of the Council may be compromised.

Recommendation

Management should prepare and submit the financial reports to the relevant authorities as required by the Traditional Medical Practitioners Act [*Chapter 27:14*].

Management response

The new Board which was appointed in 2021 made it possible to adhere to the Traditional Medical Practitioners Act [*Chapter 27:14*] and going forward annual audits will be done.

1.3. Statutory obligations

Finding

The Council was not remitting statutory returns to the responsible authorities for NSSA and PAYE. This was in violation of National Social Security Authority Act [*Chapter 17:04*] and Income Tax Act [*Chapter 23:06*].

Risk / Implication

Financial loss due to penalties that may be levied.

Recommendation

The Council should register for NSSA and PAYE and remit the obligations as expected.

Management response

Noted. We have started to deduct the payments from employees' salaries that is PAYE and NSSA portion.

Background Information

The Valuers Council of Zimbabwe was established in terms of the Valuers Act [*Chapter 27:18*] to provide for the registration of valuers and the regulation of the practice of valuers in Zimbabwe.

I have audited the financial statements of the Valuers Council of Zimbabwe for the years ended December 31, 2019, 2020 and 2021 and I issued an Adverse Opinion for all the years.

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, in all material respects, the financial position of the Valuers 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 2019

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

On February 20, 2019, RTGS Dollar was legislated through Statutory Instrument 33 of 2019 (SI 33 of 2019) with an effective date of February 22, 2019. SI 33/19 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. The Council transacted using a combination of United States Dollars, 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.

The Council transacted using a combination of United States Dollars, bond notes and coins, Real Time Gross Settlement (RTGS) system and mobile money platforms during the period from October 01, 2018 to February 22, 2019, the decision to change the functional currency only on February 22, 2019 in accordance with SI 33/19 resulted in misstatement to the financial performance and cash flows of the Council, as transactions denominated in USD were not appropriately translated during that period.

Although the Councillors acknowledge that there was a functional currency change and that the rates of exchange rate between the USD and local currency was not 1: 1, they have maintained their functional currency as ZWL$ and have presented the inflation adjusted inflation adjusted financial statements in ZWL$ using an exchange rate of 1: 1, in compliance with SI 33/19 for periods January and February 2019. This constituted a departure from the requirements of IAS 21, and therefore the financial statements have not been prepared in conformity with IFRS. Had the Council complied with 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" was considered to be material and pervasive. The financial effects on the inflation adjusted financial statements of this departure and the need for adjustments under IAS 29 "Financial Reporting in Hyperinflationary Economies" have not been determined.

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

The International Accounting Standard (IAS) 29 – "Financial Reporting in Hyperinflationary Economies" was applied based on prior and current periods' financial information which was not in compliance with IAS 21- "The Effects of Changes in Foreign Exchange Rates". Had the correct base numbers and start date been used, most elements of the financial statements would have been materially different. Consequently, the monetary losses of ZWL$128 600 (2018: ZWL$67 283) for the year 2019 on the statement of comprehensive income is impacted.

iii. **Non-compliance with International Financial Reporting Standards (IFRS) 9 – "Financial Instruments"**

The Council's trade receivables of were not subject to assessment of credit risk. This was not in compliance with IFRS 9 - "Financial Instruments". Probability of default and loss models were not used to value the trade receivables. This was contrary to IFRS 9 - "Financial Instruments" which requires that credit losses should be measured and recognised using the expected credit losses (ECL) approach. The ECL approach relies on a relative assessment of credit risk, looking at how current and future economic conditions impact the loss.

The non-calculation of expected credit losses is therefore considered material despite the impact not being quantifiable. As a result, I was not satisfied as to the valuation of trade receivables as at December 31, 2019.

iv. **Valuation of Property, plant and equipment**

The Council did not perform a revaluation exercise to determine the fair value of its property, plant and equipment. This was contrary to the requirements to the requirements of International Accounting Standard (IAS) 16 – "Property, plant and equipment" paragraph 31 which requires revaluations to be carried out regularly, so that the carrying amount of an asset does not differ materially from its fair value at the reporting date. I was unable to satisfy myself regarding the valuation of property, plant and equipment using other audit procedures. Consequently, I was not able to determine whether any adjustment to the amount of property, plant and equipment was necessary.

Adverse Opinion 2020

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, in all material respects, the financial position of the Valuers 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 2020

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

Opening balances

During the current and prior financial years, the foreign currency denominated transactions and balances of the Council were translated into ZWL$ using the interbank exchange rates / foreign currency auction rates which were not considered appropriate spot rates for translation of foreign currency 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 years ended December 31, 2020.

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 financial 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".

The International Accounting Standard (IAS) 29 – "Financial Reporting in Hyperinflationary Economies" was applied based on prior and current periods' financial information which was not in compliance with IAS 21- "The Effects of Changes in Foreign Exchange Rates". Had the correct base numbers and start date been used, most elements of the financial statements would have been materially different. Consequently, the monetary losses of ZWL$126 415 (2019: ZWL$ 778 937) for the year 2019 on the statement of comprehensive income is impacted.

iii. Valuation of Property, plant and equipment

The Council did not perform a revaluation exercise to determine the fair value of its property, plant and equipment. This was contrary to the requirements of International Accounting Standard(IAS) 16 – "Property, plant and equipment" paragraph 31 which requires revaluations to be carried out regularly, so that the carrying amount of an asset does not differ materially from its fair value at the reporting date. I was unable to satisfy myself regarding the valuation of property, plant and equipment using other audit procedures. Consequently, I was not able to determine whether any adjustment to the amount of property, plant and equipment was necessary.

iv. Non-compliance with International Financial Reporting Standards (IFRS) 9 – "Financial Instruments"

The Council's trade receivables of were not subject to assessment of credit risk. This was not in compliance with IFRS 9 - "Financial Instruments" paragraph 5.1.1 which requires that credit losses should be measured and recognised using the expected credit losses (ECL) approach. The ECL approach relies on a relative assessment of credit risk, looking at how current and future economic conditions impact the loss. As at December 31, 2020 the Council recognised trade receivables of ZWL$ 625 970 with no deduction of an allowance for expected credit losses (ECL). This is not in compliance with IFRS 9 - "Financial Instruments". Probability of default and loss models were not used to value the trade receivables.

The non-calculation of expected credit losses is therefore considered material despite the impact not being quantifiable. As a result, I was not satisfied as to the valuation of trade receivables as at December 31, 2020.

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, in all material respects, the financial position of the Valuers 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 2021

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

Opening balances

During the current and prior financial years, the foreign currency denominated transactions and balances of the Council were translated into ZWL$ using the interbank exchange rates which were not considered appropriate spot rates for translation of foreign currency 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 years ended December 31, 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 financial 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"**

The International Accounting Standard (IAS) 29 – "Financial Reporting in Hyperinflationary Economies" was applied based on prior and current periods' financial information which was not in compliance with IAS 21- "The Effects of Changes in Foreign Exchange Rates". Had the correct base numbers and start date been used, most elements of the financial statements would have been materially different. Consequently, the monetary losses of ZWL$1 million (2020: ZWL$892 089) for the year 2021 on the statement of comprehensive income is impacted.

iii. **Non-compliance with International Financial Reporting Standards (IFRS) 9 – "Financial Instruments"**

The Council's trade receivables of were not subject to assessment of credit risk. This was not in compliance with IFRS 9 - "Financial Instruments" which requires that credit losses should be measured and recognised using the expected credit losses (ECL) approach. The ECL approach relies on a relative assessment of credit risk, looking at how current and future economic conditions impact the loss. As at December 31, 2021 the Council recognised trade receivables of ZWL$ 3.3 million with no deduction of an allowance for expected credit losses (ECL). This is not in compliance with IFRS 9 - "Financial Instruments". Probability of default and loss models were not used to value the trade receivables.

The non-calculation of expected credit losses is therefore considered material despite the impact not being quantifiable. As a result, I was not satisfied as to the valuation of trade receivables as at December 31, 2021.

iv. **Valuation of Property, plant and equipment**

The Council did not perform a revaluation exercise to determine the fair value of its property, plant and equipment. This was non-compliance with International Accounting Standard (IAS) 16 – "Property, plant and equipment" paragraph 31 which requires revaluations to be carried out regularly, so that the carrying amount of an asset does not differ materially from its fair value at the reporting date. I was unable to satisfy myself regarding the valuation of property, plant and equipment using other audit procedures. Consequently, I was not able to determine whether any adjustment to the amount of property, plant and equipment was necessary.

Below are other material issues noted during the audit;

1. GOVERNANCE ISSUES

1.1. Policies and procedures manual

Finding

The Council did not have an approved Finance and procedural manual to regulate its operations due to absence of Council.

Risk / Implication

Inconsistences in the treatment of transactions.

Recommendation

Appointing authority should be engaged on the appointment of the Council.

Management response

We will ensure the draft policy is approved and adopted once Council comes into place.

1.2. Alignment of accounting processes to the requirements of reporting framework

Finding

The Council's had not aligned its accounting processes to the requirements of reporting framework. Annual assessment of residual values and useful life was not conducted from 2019 to 2021 and the Council had assets that had reached the end of their useful life which were still in use. This was contrary to IAS 16- "Property, plant and equipment", which requires that the useful life of an asset shall be reviewed at least at each annual reporting date.

In addition, the Council did not comply with the requirements of the International Accounting Standard (IAS) 16 - "Property, plant and equipment" as there was no evidence that the Council performed a revaluation exercise to present assets at their fair values as at December 31, 2021 despite changes in the economic environment. This is contrary to International Accounting Standards (IAS) 16- "Property, plant and equipment" paragraph 31 which 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.

Risk / Implication

Misstatement of property, plant and equipment.

Recommendation

The Council should comply with the requirements of International Financial Reporting Standards and update its year end procedures to include assessment of useful life and residual values of assets annually.

The Finance and procedural manual should be put in place to guide staff.

Management response

The revaluation will be implemented once the Council comes into place.

1.3. Tax clearance certificates

Finding

The Council had not deducted and remitted withholding tax on payments to suppliers without valid tax clearance certificates. This was contrary to section 80 (2) of the Income Tax Act [*Chapter 23:06*], which requires withholding tax to be deducted and remitted when making payments to suppliers who do not present a valid tax clearance certificate.

Risk / Implication

Financial loss as a result of penalties and interest.

Recommendation

The Council should comply with the requirements of the Income Tax Act [*Chapter 23:06*].

Management responses

Agreed.

Background Information

The Zimbabwe Council for Higher Education was established in terms of the Zimbabwe Council for Higher Education Act [*Chapter 25:27*]. The functions of the Council are 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, 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 Zimbabwe Council for Higher Education 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

Non-compliance with International Financial Reporting Standard (IFRS) 13 – "Fair Value Measurement"

The Council conducted revaluation of its assets during the period under review. The revaluation was performed in United States dollars (USD) and the resultant values were-translated to ZWL$ using the interbank exchange rate as at December 31, 2022 in arriving at fair values. International Financial Reporting Standard (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 two market participants at the measurement date under current market conditions". In the current environment, it is not likely that the ZWL$ price derived from translating the USD value at the interbank rate would have been the price at which the a ZWL$ denominated transaction would occur. Accordingly, the fair values, based on the translated USD to ZWL$ values did not meet the requirements of IFRS 13– "Fair Value Measurement".

Below are other material issues noted during the audit;

1. GOVERNANCE ISSUES

1.1 Valuation of assets

Finding

The Council conducted revaluation of its assets during the period under review. The revaluation was performed in United States dollars (USD) and the resultant values were translated to ZWL$ using the interbank exchange rate as at December 31, 2022 in arriving at fair values. International Financial Reporting Standard (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 two market participants at the measurement date under current market conditions". In the current environment, it is not likely that the ZWL$ price derived from translating the USD value at the interbank rate would be the price at which the a ZWL$ denominated transaction would occur.

Risk / Implication

Misstatement of financial statements.

Recommendation

Fair value determination should be in line with the provisions of IFRS 13 - “Fair Value Measurement”.

Management response

ZIMCHE engaged three experts to value its property and equipment as at December 31, 2022. The valuers used significant judgements and estimates to value the assets as guided by their profession. In a normal environment, valuations rely on historical market evidence for calculation of inputs. These inputs include transaction prices for comparable properties and equipment, rents, and capitalisation rates.

In the current environment market evidence does not exist at present to calculate ZWL$ values for property and equipment. In addition, most of the transactions for properties have all been in USD. The valuers adopted the approach of converting USD valuation inputs at an adjusted foreign exchange auction rate to calculate ZWL$ property and equipment values. It is not possible with the current environment to objectively come up with a ZWL$ values for assets and have the supporting evidence for the valuation process. We believe the adjusted exchange rate approximate the parallel exchange rate and the values derived thereof approximate the value of the property and equipment for ZIMCHE for the year ended December 31, 2022.

However, ZIMCHE is supposed to start reporting according to the International Public Sector Accounting Standards (IPSAS) from the year ending December 31, 2023. IPSAS 33 allows an entity to use deemed cost to measures its assets and liabilities. We believe this will solve the issues raised regarding IFRS 13-“Fair value Measurement”.

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

The Council made progress in addressing the audit findings that I raised in my 2022 annual report. I raised five (5) audit findings, two (2) findings were addressed and three (3) findings were not addressed as indicated below;

2.1 Council Charter

The finding was not addressed. The Charter was not yet approved by the relevant Authorities.

2.2 Accounting procedures manual

The finding was not addressed. The Accounting procedures manual was not reviewed.

2.3 Asset register

The finding was addressed. The asset register is now complete.

2.4 Asset valuation

The finding was addressed. Valuation of assets has been done for the year ended December 2022.

2.5 Procurement of motor vehicle

The finding was not addressed. The motor vehicles were not delivered. The issue is now at arbitration with PRAZ.

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 subsidised contraception to the nation, teaching and training aides in family planning to members of the community and family planning awareness and services to the community.

I have audited the financial statements of Zimbabwe National Family Planning 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 Zimbabwe National Family Planning Council 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. Board Charter

Finding

The Board operated without an approved Board Charter during the year in contravention of Section 26 (2) of the Public Entities Corporate Governance Act [*Chapter 10:31*] which requires the board to prepare a Board Charter.

Risk / Implication

Oversight of the Council by the Board may be compromised.

Recommendation

The Council should consider put in place a board charter which should be approved by the parent Ministry.

Management response

The board charter was drafted and sent for approval to the parent Ministry in November 2023.

2. REVENUE COLLECTION AND DEBT RECOVERY

2.1. Receivables

Finding

The Council had long outstanding receivables which have accumulated to ZWL$ 16.8 million and some date back to the year 2013.

Risk / Implication

Cash flow constraints since working capital is tied up in debtors.

Recommendation

Effort should be put in place to recover these debts.

Management response

Efforts are being made to recover this long outstanding debt and the results from this exercise will be reviewed at the end of 2023.

3. PROCUREMENT OF GOODS AND SERVICES

3.1. Tax clearance certificates

Finding

There was no evidence to support that the Council's provincial offices were complying with the Income Tax Act [*Chapter 23: 06*] Section 80(2) which requires procuring entities to withhold tax in case of a supplier who did not provide a valid tax clearance certificate.

Risk / Implication

Financial loss as the Council may be requested to pay the withholding tax together with penalties and interest.

Recommendation

The procurement department should always obtain valid tax clearance certificates from all its suppliers.

The Finance department should withhold tax when paying suppliers without valid tax clearance certificates.

Management response

Council will levy 30% withholding tax for all suppliers who fail to provide their tax clearance certificates from September 30, 2023.

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

The Council did not make progress in addressing audit findings and recommendations raised in my 2021 and 2022 annual reports. I raised two (2) audit findings in my 2022 annual report and followed up on three (3) audit findings which were outstanding in my 2021 annual report. One (1) finding was partially addressed and four (4) findings were not addressed as indicated below;

4.1. Board composition

The finding was not addressed. The remaining members have not been appointed.

4.2. Restructuring exercise

The finding was not addressed. The position of the Executive Director is still vacant.

4.3. Accounting procedures manual

The finding was not addressed. The Council is still working on a draft manual.

4.4. Alignment of governance processes

The finding was partially addressed. The Board Charter was drafted but have not yet been approved by the parent Ministry.

4.5. Vacant post

The finding was not addressed. The position of the Executive Director is still vacant.

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, 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, 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 for Qualified Opinion section of my report, the financial statements fairly present the financial position of Zimbabwe School Examinations 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" and International Accounting Standard (IAS) 8- "Accounting Policies, Changes in Accounting Estimates and Errors"

Opening balances

The prior year financial statements were modified due to non-compliance with international Accounting Standard (IAS) 21 - "The Effects of Changes in Foreign Exchange Rates". The Council translated the foreign currency denominated transactions to ZWL$ using the interbank exchange rates which were not considered appropriate spot rates for translation as required by International Accounting Standard (IAS) 21 – "The Effects of Changes in Foreign Exchange Rates". The misstatements have not been corrected in the financial statements for year ended December 31, 2021 in line with International Accounting Standard (IAS) 8- "Accounting Policies, Changes in Accounting Estimates and Errors".

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.

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 fairly present the financial position of Zimbabwe School Examinations Council 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

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

Prior year financial statements were modified due to non-compliance with international Accounting Standard (IAS) 21 - "The Effects of Changes in Foreign Exchange Rates". The Council translated the foreign currency denominated transactions to ZWL$ using the interbank exchange rates which were not considered appropriate spot rates for translation as required by International Accounting Standard (IAS) 21 – "The Effects of Changes in Foreign Exchange Rates". The misstatements have not been corrected in the financial statements for year ended December 31, 2022 in line with International Accounting Standard (IAS) 8- "Accounting Policies, Changes in Accounting Estimates and Errors".

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 are other material issues noted during the audit;

1. **GOVERNANCE ISSUES**

1.1. Bank signatories

Finding

There were no sufficient controls over the Council's cash management as employees who were no longer with the Council were still bank signatories.

Risk / Implication

Financial loss emanating from weak internal controls.

Recommendation

The Council should tighten controls over cash management.

Management response

Observation noted and measures have been put in place to remove signatories timeously and the banks will be regularly engaged on the status of bank signatories.

1.2. Motor vehicles hiring policy

Finding

The Council operated without a formal documented policy pertaining to hiring of motor vehicles. There were instances where extension of use of hired vehicles were not supported by any formal communication indicating reasons for the extensions and approval thereof. As a result, I could not substantiate hiring expenditure amounting to ZWL$ 23.3 million.

Risk / Implication

Financial loss due to irregular hiring arrangements.

Recommendation

The Council should put a policy in place to guide staff on hiring of motor vehicles.

Management response

Observation is noted and recommendation will be implemented in the first quarter of 2024.

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

The Council made progress in addressing the audit findings and recommendations that I raised in my 2019 annual report. I followed up on one (1) finding and it was addressed as indicated below;

2.1. Procurement process

The finding was addressed. The Council has put measures in place to ensure contracts are signed after all the procurement processes are complete.

Background Information

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

I have audited the financial statements of the Zimbabwe Youth Council for the years ended December 31, 2020 and 2021 and issued a Qualified Opinion for both years.

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 Zimbabwe Youth Council 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 2020

i. Impact of 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 did not apply an appropriate exchange rate on change of functional currency in the prior year. The Council translated its denominated balances to RTGS at rate of 1:1 as per SI 33 of 2019 which proposed that all assets and liabilities that were denominated in USD before February 22, 2019 be changed to be RTGS dollars at a rate of 1:1 and all transactions subsequent to February 22, 2019 at that interbank rate. The Council translated its comparative financial statements using the interbank rate which came into existence on February 22, 2019 through Exchange control directive RBZ 28 of 2019. 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 of 2019 and the fact there were no official exchange rates between October 2018 and February 2019 due to lack of an observable foreign exchange rate. The impact of the Councils inability to comply with IAS 21 - "The effects of changes in foreign exchange rates" has been considered material on the current year financial statements.

ii. Supporting documentation

I was not availed with supporting documents in the form of invoices, payment vouchers and quotations to support expenditure amounting to ZWL$259 630. I was therefore unable to obtain reasonable assurance as to the accuracy and completeness of the expenditure disclosed in the Council's financial statements.

iii. Non-compliance with International Accounting Standard (IAS) 16 - "Property, Plant and Equipment"

I was not availed with evidence supporting that the Council performed a revaluation exercise of its property, plant and equipment as at December 31, 2021 to present assets at their fair values despite changes in the economic environment necessitating the need for revaluation. This was contrary to the requirements of International Accounting Standard (IAS) 16 – "Property, plant and equipment paragraph 31 which requires revaluations of assets to be carried out regularly, so that the carrying amount of an asset does not differ materially from its fair value at the date of the financial statements. In addition, the Council did not review the residual values and useful life of its assets at year-end as required by International Accounting Standard (IAS) 16- "Property, plant and equipment" paragraph 51 which requires that residual values and useful lives of assets be reviewed at least once at each financial year. As a result, there were assets with nil values that were still being used by the Authority. 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.

Qualified Opinion for 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 Zimbabwe Youth 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 2021

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 IAS 21- "The Effects of Changes in Foreign Exchange Rates," as the Council had been unable to use an appropriate exchange rate on change of functional currency. 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's 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 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 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 Council's 2020 opening balances misstatements have an impact on the current year financial statements.

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

The Council did not review the useful lives and residual values of its property, plant and equipment as required International Accounting Standard (IAS)16 - "Property, plant and equipment" paragraph 51. Some of the Council's assets were fully depreciated but still in use. In addition, IAS 16 - "Property, plant and equipment" paragraph 31 requires revaluation of assets to 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". 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.

iii. **Supporting documents**

I was not availed with supporting documents in the form of invoices, payment vouchers and quotations to support expenditure amounting to ZWL$1.83 million. I was therefore unable to obtain reasonable assurance as to the accuracy and completeness of the expenditure disclosed in the Council's financial statements.

Below are other material issues noted during the audit;

1. GOVERNANCE ISSUES

1.1. Key vacant post

Finding

The Council did not have a substantive Executive Director. The post was occupied in acting capacity since 2020.

Risk / Implication

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

Recommendation

The Council should follow up with the parent Ministry on appointment of the Executive Director.

Management response

Observation noted, the Council awaits feedback from the parent Ministry which is responsible for the appointing of the Executive Director.

1.2. Valuation of property, plant and equipment

Finding

The Council's accounting processes were not aligned with the requirements of the accounting framework. For instance, the Council did not perform revaluation of its property plant and equipment to determine the fair values. The last valuation was done in 2019. This was contrary to the requirements of International Accounting Standards (IAS) 16 "Property, plant and equipment" paragraph 31 which requires revaluation to be made with sufficient regularity to ensure that the carrying values not to materially differ from their fair values.

Risk / Implication

Misstatement of financial statements.

Recommendation

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

Management response

Observation noted, going forward annual revaluations will be conducted without fail.

1.3. Supporting documents

Finding

The Council did not avail supporting documents in the form of invoices, payment vouchers and quotations to support expenditure amounting to ZWL$259 630 in and ZWL$1.83 million in 2020 and 2021 respectively.

Risk / Implication

Misstatement of financial statements.

Recommendation

The Council should put in place adequate controls over procurement of goods and services.

Management response

Observation noted. Sufficient controls will be immediately put in place to improve the procurement processes of the Council.

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

The Council did not make progress in addressing the audit finding raised in my 2021 annual report. The finding was not addressed as indicated below;

2.1. Oversight role

The finding was not addressed**.** The Council do not have a Board. The parent Ministry was engaged on the appointment of the members of the Council.

PUBLIC ENTITIES UNDER THE CATEGORY OF FINANCIAL INSTITUTIONS

Background Information

AFC Commercial Bank Limited, was incorporated under 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, 2023 and I issued a clean / unmodified opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the AFC Commercial Bank Limited as at December 31, 2023 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. Loan concentration

Finding

There were two borrowers who constituted 11% and 6% respectively of the loan book and one of these borrowers accounts for 99% of the total non-performing loans. Although these loans were lent in accordance with the bank's policies and lending limits, they represent a significant portion of the loan book.

Risk / Implication

Substantial losses in the event of default.

Recommendation

The Bank may need to review its lending beyond compliance in order to ensure that liquidity levels are considered in view of the economic capital.

Management response

Prudential lending limits of the Bank demands that the Bank must not lend more than 25% of its capital base to a company and for a group 75% and it is much higher for companies involved in marketable commodities. These concentration risk limits were not violated even when the business was highly profitable to the Bank. The bank is working closely with the legal team to recover the outstanding amount.

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

The Bank made progress in addressing audit findings raised in my 2021 and 2022 annual reports. I raised one (1) finding in my 2022 annual report and followed up on one (1) finding outstanding in my 2021 annual report. One (1) finding was addressed while the other finding was not addressed as indicated below;

2.1. Suspense account

The finding was not addressed. The accounting mismatches had not been cleared.

2.2. Tax remittance

The finding was addressed. The Bank complied with ZIMRA regulations as it submitted two returns in ZWL$ and USD and payments were remitted in their respective currencies.

Background Information

AFC Land and Development Bank of Zimbabwe (Private) Limited was established in terms of the Companies and Other Business Entities Act [*Chapter 24:31*]. The Bank provides agricultural development financial services in Zimbabwe.

I have audited the financial statements of AFC Land and Development Bank (Private) Limited for the year ended December 31, 2023 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 AFC Land and Development Bank of Zimbabwe (Private) Limited as at December 31, 2023, 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 Equipment leasing progress reports

Finding

The Bank did not submit leasing progress reports to the Ministry of Finance, Economic Development and Investment Promotion after every six (6) months as stipulated in the Mechanisation Programme agreement signed with a foreign supplier.

Risk / Implication

Reputational risk with the foreign supplier.

Non-compliance with the conditions in the Mechanisation Programme agreement with the foreign supplier.

Recommendation

The Land and Development Bank should submit six monthly equipment leasing progress reports in line with mechanisation programme agreement signed with the foreign supplier.

Management response

Whilst an official report was not submitted, the Ministry of Finance, Economic Development and Investment Promotion was kept informed with all the developments on the Facility and are aware of the number of tractors disbursed to date. This is evidenced by their confirmation of the balance owing to Ministry of Finance, Economic Development and Investment Promotion. A progress report will be submitted and thereafter the six-monthly arrangement will be adhered to.

Background Information

The Deposit Protection Corporation was established 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 year ended December 31, 2023 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 Deposit Protection Corporation as at December 31, 2023, and its financial performance and its cashflows 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 Point of Sale (POS) card policy

Finding

The Corporation's accounting policies were inadequate as it did not provide guidance on the use, custody, handover and takeover of the POS swipe card. As a result, several purchases were made with the card without authorization for the period January to September 2023.In addition, the card was accessed by various members who shared the same security pin code.

Risk / Implication

Financial loss due to procurement of unauthorized goods.

Breach of swipe card password controls due to employees sharing the same password.

Recommendation

The Corporation should have a policy to guide employees on the use of the swipe card.

Transactions done through procurement card should be properly authorised.

Management response

Management will prepare an updated petty cash procedure to cover electronic card transactions.

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

The Corporation made progress in addressing audit finding raised in my 2022 annual report. I raised one (1) audit finding and was addressed as indicated below;

2.1 Rental income

The finding was addressed**.** Rental income invoicing and posting dates were now tallying in 2023.

Background Information

EmpowerBank Limited is a deposit taking microfinance institution registered in terms of the Microfinance Act [*Chapter 24:29*]. It was established with a mandate to empower the youth entrepreneurs as well as previously marginalized citizens. The Bank accepts deposits and conducts lending activities across all sectors of the economy.

I have audited the financial statements of EmpowerBank Limited for the year ended December 31, 2023 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 EmpowerBank Limited as at December 31, 2023, 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 Financial Reporting Standard (IFRS) 13 - "Fair Value Measurement"

The Microfinance Bank performed a revaluation of its Property, plant and equipment as at December 31, 2023. I was unable to obtain sufficient appropriate evidence to support the appropriateness of the application of the ZWL$/USD interbank rate in the determination of the final ZWL$ 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 interest 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 interbank 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. Such matters include, but are not limited to the correlation of the responsiveness of ZWL$ valuation of property and equipment to the interbank exchange rate and related underlying USD values and the extent to which supply and demand for the respective property and equipment reflects the implications on market dynamics of the interbank exchange rate.

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

The foreign currency denominated transactions and balances of the Microfinance 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". My opinion on the current year financial statements is modified because of non-compliance with IAS 21 - "The Effects of Changes in Foreign Exchange Rates". As a result, the residual effects of the non-compliance with International Accounting Standard (IAS) 21 - "The Effects of Changes in Foreign Exchange Rates" were considered to be material but not pervasive to the financial statements.

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

The Company applied the requirements of International Accounting Standard (IAS) 29 - "Financial Reporting in Hyperinflationary Economies" and its application was based on current and prior period financial information which was 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, 2023.

Below are other material issues noted during the audit;

1. GOVERNANCE ISSUES

1.1 Loan policy

Finding

The Bank disbursed loans with a limit of up to USD300 for individuals and USD500 for small and medium enterprises and corporates respectively which were above the amount stipulated in the Bank's policy. I was not availed with approvals for the excess disbursements. This was contrary to the set limit of USD100 for both individuals and small and medium enterprises in terms of the Bank's policy.

Risk / Implication

Inconsistency on policy application.

Recoverability of the loans may be doubtful.

Recommendation

Loans should be issued in line with the standing policies and guidelines and any deviations should be appropriately approved.

Management response

The NANO Loan product with 3 tiers was approved by the Board and implemented. The Credit Policy review which is being finalised has taken into account such changes.

1.2 Valuation of property, plant and equipment

Finding

The Bank did not review the residual values and useful life of its assets at year-end. This was contrary to International Accounting Standard (IAS) 16- "Property, plant and equipment" paragraph 51 which requires an entity to assess the residual value and useful life of its assets at each year end.

Risk / Implication

Property, plant and equipment maybe misstated.

Recommendation

Management should assess the useful life and residual values of its assets in line with International Accounting Standard (IAS) 16 - "Property, plant and equipment".

Management response

Noted. The Microbank will re-assess the useful lives of its property, plant and equipment after revaluation period.

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

The Bank had not made progress in addressing the audit finding raised in my 2022 annual report. I raised one (1) audit finding and it was not addressed as indicated below;

2.1. Loan book

The finding was not addressed. The outstanding loans which were categorized as non-performing are now under litigation.

Background Information

The Infrastructure Development Bank of Zimbabwe is a development financial institution which was incorporated in terms of the Infrastructure Development Bank of Zimbabwe 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 for the year ended December 31, 2023 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 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, 2023, 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. Valuation of property, plant and equipment investment property

The Group had property and equipment and investment property with carrying amounts of ZWL$24.1 billion (2022: ZWL$15.5 billion) and ZWL$54 billion (2022: ZWL$40.6 billion) respectively, as at 31 December 2023. The Group engaged an external valuer to value its property and equipment and investment property in the current year and the prior year using the market approach. The valuations were performed in United States Dollars (USD) using USD denominated inputs. The Group translated the USD values to ZWL$ using the closing interbank rate.

ii. Valuation of unquoted shares

The Group holds a 4.55% shareholding in a company registered in Botswana with a fair value of ZWL$31.2 billion (2022: ZWL$26.1 billion) as at December 31, 2023. The valuation was performed in United States Dollars (USD) using USD denominated inputs. The Group translated the USD value to ZWL$ using the closing interbank rate.

The translation from USD to ZWL$ did not meet the definition of fair value as defined by International Financial Reporting Standard (IFRS) 13 - "Fair Value Measurement". IFRS 13 paragraph 2 which 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 interbank rate would be the price at which a ZWL$ denominated transaction would occur. I was therefore, unable to obtain sufficient appropriate audit evidence to support the appropriateness of applying the closing ZWL$/USD interbank rate in determining the ZWL$ 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. Capitalisation

Finding

The Bank had a minimum capital of USD 11.9 million which was below the required regulatory minimum capital ZWL$ equivalent to USD 20 million as at December 31, 2023. This was contrary to the requirements of Statutory Instrument 137 of 2020 Banking (Amendments) Regulations, 2020 (No.4).

Risk / Implication

Impact on going concern status, reputation and rating.

Recommendation

The Bank should improve capital to meet minimum capital requirements.

Management response

The Board and shareholders are fully seized with the issue of capitalisation for the Bank to meet the minimum regulatory requirement. The Board continues to pursue the capitalisation of the Bank.

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

The Bank made progress in addressing audit findings and recommendations raised in my 2021 and 2022 annual report. I raised two (2) audit findings in my 2022 annual report and followed up on one (1) finding which was outstanding from my 2021 annual report. Two (2) findings were addressed while one (1) finding was not addressed as indicated below;

2.1. Registered subsidiary companies

The finding was addressed. The Bank registered all its active subsidiary companies by March 31, 2024. Dormant subsidiary companies were deregistered.

2.2. Loan agreement

The finding was not addressed. The Loan agreement was not signed, however, the Bank has decided to invest in the project through equity and an Extraordinary General Meeting will be called for to pass a resolution.

2.3. Board composition

The finding was addressed. The Board is now fully constituted.

Background Information

National Building Society Limited was incorporated in terms of the Companies and Other Business Entities Act [*Chapter 24:31*] and established in terms of the Building Societies Act [*Chapter 24:20*] of Zimbabwe. The Society is wholly owned by National Social Security (NSSA). The Society was set up with the sole mandate of contributing to the National Housing Stock.

I have audited the financial statements of National Building Society, for the years ended December 31, 2022 and 2023 and I issued a Qualified Opinion for both years.

Qualified Opinion 2023

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 National Building Society 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

i. Non-compliance with International Financial Reporting Standard (IFRS) 13 - "Fair value measurement" and International Accounting Standard (IAS) 8 – "Accounting Policies, Changes in Accounting Estimates and Errors".

The property, plant and equipment valuations as at December 31, 2022 were determined in USD and then translated to ZWL$ at the interbank exchange rate as at December 31, 2022. The translated ZWL$ 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$.

The opinion in the prior year was modified in respect of this matter, and the misstatements have not been corrected in the current year financial statements in accordance with the requirements of International Accounting Standard (IAS) 8 – "Accounting Policies, Changes in Accounting Estimates and Errors".

ii. Non-compliance with International Accounting Standard (IAS) 40 – "Investment property"

The Society did not fair value a property that was transferred from inventory (Work in progress) to investment property during the year ended December 31, 2022. This was contrary to the provisions of IAS 40– "Investment property" paragraph 60 which requires that when there is a transfer of investment property from inventory to investment property that will be carried at fair value, the fair value of the investment property should be determined, and any difference between the fair value of the property at that date and its previous carrying amount shall be recognised in profit or loss.

In addition, the Society received three pieces of land in 2020 as part of an arbitration award after a contract breach by a contractor on a housing project. The Society did not subject these pieces of land to an independent valuation as at December 31, 2022 to determine its fair value. This constitutes a departure from the requirements of IAS 40- "Investment property". As a result, I was unable to determine whether any adjustments were required to the financial statements arising from investment property not properly valued.

iii. Non-compliance with International Financial Reporting Standard (IFRS) 2 – "Share-based payment"

During the period under review, the Society received investment properties from the shareholder with a total value of ZWL$ 8.7 billion (equivalent to USD 12.7 million) as consideration for a rights issue. This transaction is a share-based payment which should be accounted for in line with IFRS 2- "Share-based payment". When the transaction took place in December 2022, no independent valuation was carried out to ascertain the fair value of the properties on the transaction date. This constituted a departure from IFRS 2- "Share-based payment" which requires that an entity shall measure the goods or service received and the corresponding increase in equity directly at the fair value of the goods or service received. The effects on the financial statements of this departure have not been determined.

iv. Inability to obtain sufficient appropriate audit evidence regarding settlement suspense account included in other liabilities

The Society's core banking system was not integrated with the accounting and financial reporting system. Manual intervention through the use of journals was then applied when transferring information between the two systems. The use of manual intervention to transfer information between the two systems resulted in variances between balances in the core banking system and balances in the accounting and financial reporting system for loans and advances, deposits and suspense accounts. The Society's other liabilities of ZWL$ 3.9 billion included a balance of ZWL$ 30 million relating to a settlement suspense account. I was unable to obtain sufficient appropriate audit evidence to substantiate the balance in the settlement suspense account. As a result, I was unable to determine whether any adjustments were required to the financial statements arising from other liabilities not brought to account or incorrectly stated.
Below are other materials noted during the audit;

Qualified Opinion 2023

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 National Building Society Limited as at December 31, 2023, 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

i. Valuation of Investment property and Property, plant and equipment

The investment property and property, plant and equipment valuations as at December 31, 2023 were determined in USD and then translated to ZWL$ at the interbank exchange rate as at December 31, 2023. The translated ZWL$ values were not in compliance with International Financial Reporting Standard (IFRS) 13- "Fair Value Measurement" as they did not reflect the assumptions that market participants would apply in valuing similar items of investment property and property, plant and equipment

The opinion in the prior year was modified in respect of this matter, and the misstatements have not been corrected in the current year financial statements in accordance with requirements of International Accounting Standard (IAS) 8- "Accounting Policies, Changes in Accounting Estimates and Errors".

ii. **Non-compliance with International Accounting Standard (IAS) 16 – “Property, plant and equipment”**

The Society engaged independent professional valuers to revalue the property and equipment as at December 31, 2023. Included in the balance of property, plant and equipment is an amount of ZWL$ 431.3 million relating to assets for which no revaluations were performed, although some assets in the same classes of assets were subjected to a revaluation. This was contrary to the requirements of IAS 16- “Property, Plant and Equipment” paragraph 36 which requires that, if an item of property, plant and equipment is revalued, the entire class of property, plant, and equipment to which that asset belongs should be revalued.

iii. **Completeness of property, plant and equipment**

The Society’s property, plant and equipment records were not regularly updated to enable the verification of the completeness of assets. I was unable to obtain sufficient appropriate audit evidence to verify the completeness of the property and equipment valued at ZWL$ 16.2 billion as some assets identified on the Society’s premises could not be traced to the fixed assets records and vice versa. I was therefore unable to determine whether any adjustments were required to the financial statements arising from property, plant and equipment not brought into account or incorrectly stated.

Below are other materials issues noted during the audit;

1. GOVERNANCE ISSUES

1.1. Valuation of vacant stands

Finding

The Society had seven (7) vacant stands that were transferred from inventory to investment property in 2023 without a valuation, in violation of International Accounting Standard (IAS) 40 – “Investment Property” which requires recognising the difference between fair value and prior carrying amount in profit or loss for such transfers.

Risk / Implication

Misstatement of financial statements.

Recommendation

Management should ensure that properties transferred from inventory are revalued.

Management response

Noted. A revaluation exercise will be conducted on all investment property.

1.2. System integration

Finding

The Society’s core banking system was not integrated with the accounting and financial reporting system. Manual intervention through the use of journals was then applied when transferring information between the two systems. The use of manual intervention to transfer information between the two systems resulted in variances between balances in the core banking system and balances in the accounting and financial reporting system for loans and advances, deposits and suspense accounts. In addition, the Society’s other liabilities of ZWL$ 3.9 billion included a balance of ZWL$ 30 million relating to a settlement suspense account. I was unable to obtain sufficient appropriate audit evidence to substantiate the balance in the settlement suspense account.

Risk / Implication

Fraud and error may go undetected.

Possible misstatement of financial statements.

Recommendation

Management should consider integrating the core banking and financial accounting systems.

Management response

Management is aware of this deficiency and had budgeted for an FBEQ system upgrade for 2023. We have submitted our procurement request to the Procurement Regulatory Authority of Zimbabwe and engagements to obtain approval are ongoing.

1.3. Investment property

Finding

During the period under review, the Society received three (3) investment properties from the shareholder with a total value of ZWL$ 8.7 billion (equivalent to USD 12.7 million) as consideration for a rights issue. This transaction is a share-based payment which should be accounted for in line with IFRS 2- “Share-based payment”. When the transaction took place in December 2022, no independent valuation was carried out to ascertain the fair value of the properties on the transaction date. This constituted a departure from IFRS 2- “Share-based payment” which requires that an entity shall measure the goods or service received and the corresponding increase in equity directly at the fair value of the goods or service received.

In addition, land received from a contractor as part of arbitration award following a breach of contract by the contractor on the Newmara project was last independently valued in 2021. The land was held for capital appreciation, hence meeting the definition of investment property in terms of IAS 40 - “Investment property”. The Society’s accounting policy on investment property requires that, subsequent to initial recognition investment property is stated at fair value, which reflects market condition at the statements of financial position date.

Risk / Implication

Misstatement of Investment properties.

Recommendation

Management should consider engaging independent valuers to carry out a valuation of the investment properties to ascertain the fair values in line with the requirements of IAS40- “Investment property”.

Management response

Management will ensure that all properties are fair valued at each reporting period going forward.

1.4. Glaudina housing project work in progress

Finding

The Society did not fair value a property that was transferred from inventory (Work in progress) to investment property during the year ended December 31, 2022. This was contrary to the provisions of IAS 40– "Investment property" paragraph 60 which requires that when there is a transfer of a property from inventory to investment property that will be carried at fair value, the fair value of the investment property should be determined, and any difference between the fair value of the property at that date and its previous carrying amount shall be recognised in profit or loss.

Risk / Implication

Misstatement of financial statements.

Recommendation

Management should consider engaging independent valuers to carry out a valuation of the investment properties received to ascertain the fair values of the properties.

Management response

Management will engage independent valuers in the current financial year to ascertain the fair values of the investment properties.

1.5. Due diligence on housing project

Finding

The Society's due diligence processes on the engagement of contractors for housing projects was not effective during the period under review. The Society made an upfront purchase price of USD11million for the delivery of 400 housing units to a contractor on the Newmara project. The contractor breached the terms of the agreement by failing to obtain the necessary permits, approvals and consents and failing to construct and deliver the 400 units. The contractor only managed to partially complete 153 out of the agreed 400 housing units which had structural defects.

The Society therefore received 3 portions of land being the 153 partially completed units, the land on which the 247 housing units were supposed to sit on and an additional piece of land as compensation following an arbitration. The land was subsequently valued at USD 3.3 million in 2021 resulting in a loss of about USD 7.8 million.

Risk / Implication

Financial loss to the Society due to failure to meet on the deliverables.

Recommendation

The Society should carry out full due diligence on developers/ contractors before entering into offtake agreements to assess the capacity of the developers to construct and complete projects.

Management response

Management acknowledges this and will ensure that full due diligence is done on all developers and contractors to assess capacity.

1.6. Asset register

Finding

The Society was not updating its asset register regularly and discrepancies were noted between the asset register and the physical assets. As a result, I could not trace assets from the asset register to the physical assets.

Risk / Implication

Misstatement of financial statements.

Misappropriation of assets.

Recommendation

Management should periodically update the fixed asset register.

Management response

We acknowledge the issue raised. The asset register is currently being updated to rectify those observations. We expect to complete this exercise in Q2 2024.

1.7. Reconciliations between banking system and accounting system

Finding

I was not availed with reconciliations for deposits, interest income and loans and advances. Variances were noted between balances in the banking system and the accounting system as follows, deposits ZWL$ 1.1 billion, interest income ZWL$ 10.3 billion and Loans and advances ZWL$4.3 billion.

Risk / Implication

Fraud and error may go undetected.

Misstatement of financial statements.

Recommendation

Reconciliations should be performed and reviewed periodically.

Management response

Noted. We will ensure periodic preparation of reconciliations.

2. PROCUREMENT OF GOODS AND SERVICES

2.1. Procurement thresholds

Finding

I was not availed with evidence of approval obtained from the Procurement Regulatory Authority of Zimbabwe (PRAZ) pertaining to construction of housing units for Tynwald housing project worth USD4.3 million which was above the USD 200 000 threshold provided for construction works. This was contrary to the requirements of Public Procurement and Disposal of Public Asset

Act [*Chapter 22:23*], paragraph 15(1), which requires procuring entities not to initiate or conduct any procurement proceedings in which the value of the procurement required is at or above the prescribed threshold unless the procuring entity has generally been authorised by the Authority to conduct such proceedings.

Risk / Implication

Possible penalties which will result in financial losses to the Society.

Recommendation

Management should ensure that all procurement proceedings are conducted in line with the requirements of PRAZ.

Management response

Management is in the process of recruiting a procurement manager with adequate experience and knowledge of PRAZ regulations to ensure that all the Society's procurement proceedings are in line with PRAZ regulations.

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

The Society has made progress in addressing audit findings raised in my 2020 and 2022 annual reports. I raised two (2) findings in my 2022 annual report and followed up on three (3) findings raised in my 2020 annual report. Four (4) findings were addressed and one (1) was partially addressed as indicated below;

3.1. Going concern risk

The finding was addressed. The Society is now in compliance with the minimum capital requirements for Building Societies.

3.2. Grocery vouchers

The finding was addressed. The grocery vouchers that were given to staff in-lieu of the 2021 Christmas party were eventually taxed.

3.3. Board Committees

The finding was addressed. The Board Credit Committee was fully constituted in 2022.

3.4. State of Newmara houses

The finding was addressed. The Society made an assessment of the net realizable value and concluded that the net realisable value is now above the cost included in the Society's records.

3.5. Service contracts

The finding was addressed. A service level agreement is now in place.

Background Information

The People’s Own Savings Bank 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.

I have audited the financial statements of People’s Own Savings Bank for the year ended December 31, 2023 and I issued an unmodified / clean opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of People’s Own Savings Bank as at December 31, 2023, 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. Loan disbursements

Finding

The Bank disbursed a loan to an applicant amounting to ZWL$31.8 million. The Bank did not use audit results, instead the Bank used unadited financial statements to assess the financial performance of a loan of a applicant amounting to ZWL$31.8 million. In addition, the Bank did not provide evidence to support that this deviation was approved by the Board contrary to Section 7.2.2 of the Bank’s credit policy which requires the full Board to approve any waiver for disbursements of loans exceeding ZWL$21 million without any other documents. In addition, the applicant failed to pay back the loan.

Risk / Implication

Financial loss due to non-performing loans.

Recommendation

The Bank should comply with its credit risk policy when disbursing loans.

The Bank should make an effort to recover the outstanding loans.

Management response

For most Small Medium Enterprises, given their sizes, it is inordinately costly and uneconomic for them to produce audited financial statements. In such cases, condonation to use unaudited financial statements is sought from the approving authority. If satisfied with the justification for variation of the requirement, the mandate level can approve the facility as guided by Clause 7.2 subsection 7.2.2 of the Credit Policy.

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

The Bank made progress in addressing the audit finding that I raised in my 2022 annual report. I raised one (1) audit finding in my 2022 annual report and I followed up on two (2) outstanding my 2021 annual report. One (1) finding was addressed and two (2) were not addressed as indicated below;

2.1. Client screening

The finding was addressed. The Bank is now represented in the loans committee.

2.2. Alignment of board structures

The finding was not addressed. Engagement with the shareholder for the appointment of substantive Board Chairperson and Vice Chairperson is ongoing.

2.3. Board members' tenure

The finding was not addressed. The two Board members whose tenure expired in 2019 are still serving on the Board and additional Board members to replace the two have not been appointed.

Background Information

The Small and Medium Enterprises Development Corporation was incorporated in terms of the Small and Medium Enterprises Act [*Chapter 24:12*]. The nature of business of the Corporation is providing loan finance to upcoming and existing small to medium scale enterprises and that of property letting and investment activities.

I have audited the financial statements of Small and Medium Enterprises Development Corporation and issued an unmodified /clean opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Small and Medium Enterprises Development Corporation 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. PROCUREMENT OF GOODS AND SERVICES

1.1. Delivery of procured goods

Finding

The Corporation's due diligence processes over procurement of goods and services were not effective during the year. An advance payment was done to a local automotive dealership for the procurement of a Toyota Fortuner amounting to ZWL$41 million (equivalent to USD 59 900). However, the vehicle was not yet delivered as at the time of audit. Furthermore, the insurance on the advance payment bond expired on June 22, 2023.

Risk / Implication

Financial loss as goods may not be delivered.

Recommendation

Due diligence exercises must be carried before engaging with suppliers.

The Corporation should follow-up with the supplier on the delivery of the vehicle.

Management response

Observation noted. The dealer is facing a delay in supplying the vehicle due to issues of securing funds from their bank, through the auction system as these were deemed low priority. The Corporation has had multiple engagements with the dealer and the latest being that the dealer has agreed to renew the advancement bond agreement and their bank, has agreed to find ways to ensure financing of the new vehicle. Furthermore, the Corporation has engaged external Legal Counsel to ensure delivery of the vehicle.

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 2022 annual report. I raised two (2) audit findings, and followed up on two (2) findings raised in my 2020 annual report. Three (3) findings were addressed while one (1) was not addressed as indicated below;

2.1. Travel and subsistence allowances

The finding was addressed. The travel and subsistence acquittals are now monitored.

2.2. Rental properties

The finding was addressed. A refurbishment plan is now in place.

2.3. Mkoba artisan hives

The finding was addressed. Mkoba artisan Hives were renovated and started to operate in September 2023.

2.4. Tax on accommodation benefit

The finding was not addressed. The Corporation's target is to address this in 2024.

Background Information

Zimbabwe Women's Microfinance Bank Limited is a deposit taking microfinance institution established in terms of the Microfinance Act [*Chapter 24:29*]. 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 years ended December 31, 2022 and 2023. I issued an unmodified / clean opinion with a report on going concern for 2022 and Qualified Opinion for 2023.

Opinion 2022

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).

Report on going concern

I draw your attention to the fact that the Bank incurred loss of ZWL$ 2.86 billion (2021: ZWL$ 2.1 billion) for the year ended December 31, 2022. The Bank has also been operating below the prescribed capital requirements of USD 5 million 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. My opinion is not modified in respect of this matter.

Qualified Opinion 2023

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 Women's Microfinance Bank Limited as at December 31, 2023, 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

i. Non-compliance with International Financial Reporting Standard (IFRS) 13 – "Fair Value Measurement"

The Bank engaged an independent professional valuer to performed valuation of Property, plant and equipment as at December 31, 2023. The Property, plant and equipment valuations were determined in USD and then translated to ZWL$ using the interbank exchange rate as at December 31, 2023. The translated ZWL$ values did not meet the requirements of International Financial Reporting Standard (IFRS) 13 – "Fair Value Measurement" as they did not reflect the assumptions that market participants would apply in valuing similar items of Property, plant and equipment in ZWL$. The standard defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). In the current environment, it is not likely that the ZWL$ price derived from translating the USD value at the interbank exchange rate would be the price at which a ZWL$ denominated transactions would occur.

I could therefore not ascertain the appropriateness of the fair value for Property, plant and equipment disclosed in the financial statements.

ii. Non-compliance with International Financial Reporting Standards (IFRS) 16 "Leases"

The Bank had leases running without legally established lease agreements with two (2) lessors. The lessors had not yet renewed the leases. As a result, the Bank could not account for the leases in line with the requirements of IFRS 16 - "Leases". Had the Bank accounted for the lease arrangement in line IFRS 16, a right of use asset, finance cost and lease liability would have been recognised in the financial statements. I was therefore unable to determine the extent of the adjustments necessary to the financial statements.

Below are other material issues noted during the audit;

1. GOVERNANCE ISSUES

1.1. Accounting for leases

Finding

The accounting for lease procedures were not comprehensive enough to provide adequate guidance to staff. The Bank had leases running without legally established lease agreements with two (2) lessors. The lessors had not yet renewed the leases. As a result, the Bank could not account for the leases in line with the requirements of IFRS 16 - "Leases". As a result, the Bank did not recognise right of use asset and lease liabilities in their financial statements contrary to IFRS 16 – "Leases" paragraph 9 which stipulates that, "at inception of a contract, an entity shall assess whether the contract is, or contains, a lease."

Risk / Implication

Misstatement of financial statements.

Recommendation

The accounting procedure should be reviewed and designed comprehensively to guide staff on lease accounting.

Management response

The Bank had only recognized right of use in the financial statements on property where the Bank had lease agreements. However, the Bank could not determine right of use or recognize the lease liability on the Harare Branch and the Bulawayo office as lease agreements were still under negotiation as at year end as well as during the audit. The Bank could not accurately determine the right of use on these leases as the lease term negotiations were not yet complete.

1.2. Submission of internal audit reports

Finding

The Bank was not submitting internal audit reports upon finalization of each internal audit reports to the Auditor General, contrary to section 80(5) of Public Finance Management Act [*Chapter 22:19*] which requires internal audit reports to be submitted to the Auditor- General upon their completion.

Risk / Implication

Oversight role may be compromised.

Recommendation

The Bank should submit internal audit reports to all the relevant authorities including the Auditor General upon finalization of each internal audit.

Management response

Noted for implementation. The Bank is currently reviewing its audit charter to include a defined procedure to ensure compliance to these requirements by end of Quarter 3. Going forward, copies of internal audit reports will be submitted to the Auditor-General, the Treasury and the Reserve Bank of Zimbabwe soon after completion of each audit.

1.3. Sustainability of operations

Finding

The financial statements of the Bank showed that, its financial viability and going concern status was under threat from persistent losses from its inception. During the year ended December 31, 2022 the bank incurred a loss of ZWL$2.86 billion (2021: ZWL$ 2.1 billion). The Bank's ability to continue as a going concern may be affected as the Bank may fail to meet its immediate obligations as and when they fall due.

Risk / Implication

The Bank may fail to meet its obligations when they fall due.

Financial loss due to penalties.

Recommendation

Management should come up with strategies to generate additional income.

Management response

The recommendation has been noted. Capitalisation of the bank remains a priority for the board and shareholder which they are actively engaging working to address. A capitalisation extension request was made to the regulator and was granted to December 2023.

1.4. Loans and advances

Finding

The Bank had a portfolio at risk ratio of 35.37% as at December 31, 2022 which exceeded the maximum bench mark of 5% in accordance with the regulator operational guidelines.

Risk / Implication

Financial loss due to non-performing loans.

Recommendation

Management should come up with strategies to reduce the portfolio at risk ratio.

Management response

Recommendation is noted for implementation. Strategies have been put in place to reduce the portfolio at risk.

2. MANAGEMENT OF ASSETS

2.1. Board of inquiries

Finding

The Bank did not have policy and procedures to guide staff on board of inquiries. As a result, there were no board of inquiries carried out in respect of accidents that occurred during 2023. This was contrary to section 12(1) of the Public Finance Management Act [*Chapter 22:19*], which requires board of inquiries over accident damages motor vehicles to be done within 14 days after receiving all the documents. Five (5) motor vehicles were involved in road accidents and no boards of enquiries were conducted.

Risk / Implication

Internal controls over use of assets may be compromised.

Recommendation

Boards of inquiry for all vehicles that were involved in accidents should be conducted.

Management response

The observation is well noted, the Bank will conduct the outstanding board of inquiry within the second quarter guided by the Public Finance Management Act [*Chapter 22:19*], further to that a policy will be developed within the second quarter and tabled for board approval. The individuals involved in the accidents are still with the bank. The treasury instruction will be incorporated within the policy in the current quarter for board approval.

3. PROCUREMENT OF GOODS AND SERVICES

3.1. Procurement regulations

Finding

The Bank did not have adequate controls over the procurement processes. As a result, the Bank did a tender splitting for the purchase of employee hampers and laptops. This was contrary to section 25 (2) (a) of the Public Procurement and Disposal of Public Assets Act [*Chapter 22:23*] which prohibits contract splitting. The table below refers;

Supplier	Date of purchase	Aggregate amount ZWL$	Prevailing interbank rate	Amount USD
Supplier of hampers	16/1/2023	5 837 761	715	8 165
	16/1/2023	1 751 328	715	2 449
	16/1/2023	1 167 552	715	1 633
Supplier of laptops	25/7/2023	43 402 236	4 521	9 600
	25/7/2023	28 800 000	4 521	6 370

Risk / Implication

Financial loss through inappropriate procurement method and penalties from PRAZ.

Recommendation

The Bank should align its procurement processes with the Public Procurement and Disposal of Public Assets Act [*Chapter 22:23*].

Management response

Observation noted. The Bank is now in the process of entering into framework agreements for the supply of the stated items and the target completion date is by end of Q3. The staff hampers were a once off for the Bank staff during a difficult period in terms of staff welfare and remuneration. The supplier of hampers was not only chosen for their lower prices but also their branch network, our staff members were able to collect the hampers at the nearest branch closer to their work stations across the country. The supplier of hampers was selected after considering other three suppliers.

The procurement of laptops was done as a stop gap measure after the Bank terminated the desktop and laptop rental agreement with another service provider. Our staff members urgently needed machines to ensure business continuity and this was also guided by the Banks' cash flows. The PMU faced with that challenge highlighted we acquired machines commensuration with available funds from the supplier. The Bank will adhere to all procurement procedures as stated by the procurement regulations.

3.2. Declaration of Interest

Finding

There was no evidence of declaration of interest by members of the Procurement Committee as required by Public Procurement and Disposal of Public Assets Act [Chapter 22:23] Section 71(2)(d).

Risk / Implication

Financial loss due to penalties for non-compliance with the Act.

Recommendation

The procurement committee should comply with the provision of the Act by appending their signatures in declaring their interest.

Management response

The observation is noted and the Bank has introduced a declaration of interest register which will be signed by all members of the PMU committee going forward.

4. EMPLOYMENT ISSUES

4.1. Non- alignment with Finance Act

Finding

The motoring benefits were not being subjected tax in line with section 8 (1) (a) of the Income Tax Act (Chapter 23:06). Variances were noted on the tax calculations for motoring benefits between what was taxed against the re-computation. The Bank was taxed a deemed benefit of ZWL$9 000 for January and February instead of ZWL$ 13 500. For the months from August to December the bank taxed a deemed benefit of ZWL$34 583 instead of ZWL$52 083. Subsequent verification of the January to March 2023 payrolls showed that they were still using a deemed benefit of ZWL$34 583 instead of ZWL$52 084. In addition, some employee who had deemed motoring benefits were not being taxed during the period under review.

Risk / Implication

Financial loss due to penalties and interest that may be levied.

Recommendation

The Bank should ensure that the correct deemed motoring benefits are taxed according to the Act.

Management response

Recommendation noted. The bank will comply to using the correct deemed motoring benefits as per Income Tax Act [*Chapter 23:06*].

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

The Bank made progress in addressing audit findings raised in my 2020 and 2022 annual reports. I raised two (2) audit findings and followed up on two (2) outstanding findings from 2020 annual report. One (finding) was addressed, two (2) finding were partially addressed whilst the one (1) finding was not addressed as indicated below;

5.1. Management of loans

The finding was addressed. The loans are now being done in the system.

5.2. Terminated employment contracts

The finding was partially addressed. Recoveries are still ongoing and the Bank had recovered outstanding loans from six (6) out of the nine (9) former employees.

5.3. Capitalisation of the Bank

The finding was partially addressed. The Shareholder made an additional capital injection of ZWL$ 400 million in 2021 and has committed to inject more funds.

5.4. Castor bean loans

The finding was not addressed. There were no repayments received in the year 2023.

PUBLIC ENTITIES UNDER THE CATEGORY OF FUNDS

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 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, 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 Lake Kariba Fisheries Research Institute 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. Compliance with tax law

Finding

The Institute had not trained its employees on changes to tax legislation at the beginning of the 2022 financial year. As a result, the Institute withheld tax on suppliers without valid tax clearance certificates and did no remit it to ZIMRA on time in violation of Section 36 (j) of the Income Tax Act [*Chapter 23:06*]. In addition, the Institute withheld tax on directors' fees using an inappropriate rate of 30% instead of 20%.

Risk / Implication

Financial loss due to penalties and interests that could be levied by ZIMRA for non-compliance.

Recommendation

Management should remit withholding tax withheld and file returns on or before the due date.

The Institute should conduct training on a continuous basis to keep its employees abreast with changes in tax legislation.

Management response

Observation noted. The Institute now has a tax clearance certificate, tax returns and payments are now being done on time and will continue to be compliant. Training will be conducted on tax issues in the third quarter 2023.

1.2. Certificate of fitness for passenger-carrying vehicle

Finding

The Institute's Transport policy has not been aligned with the Road Motor Transportation Act [*Chapter 13:15*]. As a result, the Institute was operating its passenger-carrying omnibus without a certificate of fitness as required by Section 7(b)(iv) which requires that "No person shall operate a passenger transport service on any road; unless there is a valid certificate of fitness in respect of the vehicle."

Risk / Implication

Financial loss due to fines imposed for non-compliance with the Road Motor Transportation Act [*Chapter 13:15*].

Recommendation

The Institute's Transport policy should be aligned with the Road Motor Transportation Act [*Chapter 13:15*].

The Institute should obtain a valid certificate of fitness

Management response

Observation noted. The Institute is in the process of obtaining a certificate of fitness for its buses. This will be completed in the third quarter of 2023.

2. PROCUREMENT OF GOODS AND SERVICES

2.1. Procurement planning

Finding

The Institute had no service level agreements in place for recurrent services such as motor vehicles and building repairs. In addition, the Institute procured various goods and services amounting to ZWL$ 6.3 million using the direct purchase method. There were no justifications for the direct purchase contrary to the requirements of Section 33 of the Public Procurement and Disposal of Public Assets Act [*Chapter 22:23*] which requires the use of the direct procurement method where no responsive bids have been submitted.

Risk / Implication

Procurement may not be done competitively.

Financial loss due to penalties imposed by Procurement Regulatory Authority of Zimbabwe due to non-compliance with the Act.

Recommendation

Procurement of goods and services should be done in accordance with the provisions of the Act.

Management response

Observation noted. The Institute will draft service level agreements and observe proper procurement processes.

2.2. Declaration of Interests

Finding

There was no evidence of declaration of interest by members of the procurement committee This was contrary to the Public Procurement and Disposal of Public Assets Act [*Chapter 22:23*] Section 71(2) (d) which requires that there should be declaration of interest for those involved in the procurement for an entity.

Risk / Implication

Decision making may be compromised should there be conflict of interest.

Recommendation

The procurement committee should comply with the provisions of Section 71(2)(d) of the Act by signing declaration of interest forms.

Management response

Observation noted. The Procurement committee of the Institute will declare their interests. This will be implemented by September 2023.

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

The Institute did not make progress in addressing audit findings raised in my 2021 and 2022 annual report. I raised one (1) audit finding in my 2022 annual report, and followed up on three (3) findings which were outstanding in my 2021 annual report. One (1) finding was partially addressed and three (3) findings were not addressed as indicated below.

3.1. Management committee composition

The finding was not addressed. Management plan to address the issue through the review of the Institute's constitution which is in progress.

3.2. Asset replacement policy

The finding was not addressed. The Institute had no asset replacement policy in place due to inadequate funding though measures its procuring replacements in a staggered manner

3.3. Institute's Constitution

The finding was not addressed. The review of Lake Kariba Fisheries Research Institute constitution was being considered.

3.4. Research activities

The finding was partially addressed. A technical consultation meeting was held in May 2022 and a recommendation to ascertain the number of sustainable rigs was considered. A joint resolution will be put in place based on results of daily research and monitoring activities being done by both parties.

Background Information

Rhodes Matopo 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 Matopo Estate Fund 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 Rhodes Matopo Estate Fund 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).

I made a follow up on findings raised in my 2022 annual report and below is the status;

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

The Fund made progress in addressing audit findings raised in my 2022 and 2021 annual reports. I raised two (3) audit findings in my 2022 report and followed up on one (1) finding which was outstanding in my 2021 report. Two (2) findings were addressed, one (1) finding was partially addressed and one (1) finding was not addressed as indicated below;

1.1. Declaration of interests

The finding was addressed. All members now declare interests at each committee meeting.

1.2. Lease management

The finding was partially addressed. The Fund has renewed one of the leases while drafting of the other lease was awaiting finalization.

1.3. Asset replacement policy

The finding was not addressed. The Fund is yet to have a policy.

1.4. Statutory deductions

The finding was addressed. Outstanding NSSA dues have since been cleared and remittance are being done through Human Resources department.

Background Information

Rhodes Nyanga Estate Fund was established in terms of the Rhodes Estates Act [*Chapter 20:14*]. The function of the Fund is to provide for the administration and use of funds generated in Rhodes Nyanga Estate.

I have audited the financial statements of Rhodes Nyanga Estate Fund for the years ended December 31, 2022 and 2023 and I issued a clean / unmodified opinion for both years.

Opinion 2022

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, 2022 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Opinion 2023

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, 2023 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. Travel and subsistence advances

Finding

The Fund's employees were not acquitting travel and subsistence advances within the stipulated 30-day timeframe, contrary to Section 14.4.1 of the Zimbabwe Parks and Wildlife Management Authority Accounting Policies and Procedures Manual. As a result, advances were outstanding for a period more than ten (10) months.

Risk / Implication

Financial loss due non-recovery of travel and subsistence advances.

Recommendation

The Fund should strengthen control over advance and acquittal of travelling and subsistence allowances.

Management response

Audit observation has been noted. We are engaging the members to recover outstanding amounts. However, going forward, we will not approve any travel and subsistence advance if the previous advance has not been cleared.

1.2. Statutory obligations

Finding

The Fund was not deducting tax and National Employment Council contributions for its fixed-term employees throughout the year. This was contrary to the Collective Bargaining Agreement Tourism Industry (General Conditions) and section 39(1) of the Income Tax Act [*Chapter 23:06*] which requires employers to submit employment returns.

Risk / Implication

Financial loss due to interest and penalties.

Recommendation

The Fund should deduct and remit tax and NEC contributions on a monthly basis.

Management response

Audit observation is noted. We are going to ensure that we file returns and make the payments timeously.

1.3. Lease management

Finding

The Fund had a number of properties operating without valid lease agreements. Some of these leases have been operating for more than ten (10) years without their leases being renewed.

Risk / Implication

Lack of legal recourse in case of disputes.

Recommendation

The Legal Department should expedite conclusion of leases timeously.

Management response

Management has noted the observation. Leases with other Ministries will be dealt with through the Ministry. In the fourth quarter of the year we will have concluded outstanding Leases.

1.4. Project budgets

Finding

There was no evidence that the Fund calculated the projects costs which were budgeted for in 2022.This was contrary to Section 18.1 of the Accounting and Internal Control Policies and Procedures Manual which states that fully costed budgets should be prepared for all identified projects.

Risk / Implication

Unauthorized expenditure may not be detected timeously in the absence of a fully costed budget.

Recommendation

Management should ensure that is adheres to Section 18.1 of the Accounting and Internal Control Policies and Procedures Manual.

Management response

Audit observation is noted. Fully costed budgets for the projects will be produced before approval of the project going forward.

1.5. Declaration of interests

Finding

Six (6) members of the procurement committee appointed during the period had not signed the declaration of interest and assets in accordance with provisions of Section 71(2)(d) of the Public Procurement and Disposal of Public Assets Act which requires committee members to sign declaration of interest register.

Risk / Implication

Irregular purchases due to conflict of interest.

Recommendation

Procurement committee members should sign a declaration of interests as required by the Public Procurement and Disposal of Public Assets Act.

Management response

Noted. Declaration of interest forms will be signed by procurement committee members by the third quarter.

2. REVENUE COLLECTION AND DEBT RECOVERY

2.1. Mining permits

Finding

Two (2) of the three (3) miners operating within the Fund's park did not have valid mining permits. This was contrary to the Fund's Standard Operating Procedures manual. As a result, the Fund failed to collect USD$10 000 for permit fees.

Risk / Implication

Lack of legal recourse in the case of disputes.

Recommendation

The Fund should tighten internal controls over management of mines and mining permits.

Management response

Audit observation is noted. We are making to efforts to ensure that the two have valid permits. These will be issued by third quarter.

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

The Fund made progress in addressing the audit finding raised in my 2022 annual report. I raised an audit finding that was addressed as indicated below;

3.1. Bank reconciliation statements

The finding was addressed. The bank reconciliation statements are now being signed on monthly basis.

Background Information

The Rural Electrification Fund 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, 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 Rural Electrification Fund 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 land and buildings and investment property

The determination of fair values for land and buildings and investment property presented in the financial statements was affected by the prevailing economic environment. These financial statements include land and buildings and investment property that was revalued by independent professional valuers as at December 31, 2022. The land and buildings and investment property valuations were determined in USD and then translated to ZWL$ at the interbank foreign exchange rate as at December 31, 2022. The converted fair values were not in compliance with International Financial Reporting Standard 13 – "Fair Value Measurement" as they may not reflect the assumptions that market participants would apply in valuing similar items of land and buildings and investment property in ZWL$. No subsequent revaluations were done in the financial statements.

ii. Ownership of land

Included in the financial statements of the Fund as at December 31, 2022, is a piece of land located in Matabeleland North valued at ZWL$ 25.6 million. I was not provided with the necessary title deeds or any other documentation to verify the ownership of the land. The land was considered to be material but not pervasive to the financial statements for the year ended December 31, 2022.

Below are other material issues noted during the audit;

1. GOVERNANCE ISSUES

1.1. Outstanding receivables

Finding

The Fund's Head office had long outstanding receivables of more than 180 days amounting to ZWL$ 5.8 billion. These receivables included travelling and subsistence advances amounting to ZWL$6.4 million which had not been acquitted. This was contrary to the Fund's policy which requires travelling and subsistence advances to be cleared within 14 days after return to home station.

Risk / Implication

Cash flow challenges that may affect service delivery.

Recommendation

Management should continue to follow up overdue accounts.

Travel and subsistence advance acquittal period should be enforced.

Management response

Noted. For staff debtors, clearance of travel and subsistence shall be as per the policy which gives an individual 14 days to clear. Then for trade receivables, customers are being continuously engaged to clear their balances.

2. SERVICE DELIVERY

2.1. Cable guards

Finding

The Fund had projects in the Midlands province with transformers that had no cable guards installed. This was contrary to the requirements of the Fund's Engineering Instruction IE22/1, item 6.3 which requires that the feeder cables should have full mechanical protection between cubicle and ground. The image below refers;

Source: Picture taken by auditors- Dhehwa Pakati Business Centre project 2023

Risk / Implication

Cables can be damaged by fire becoming a hazard for people and livestock in the community.

Recommendation

Management should ensure that power lines are constructed properly and adhere to internally recognised standards.

Management response

Finding noted. The province is going to install the cable guards.

3. PROGRESS TOWARDS ADDRESSSING PRIOR YEAR AUDIT FINDING AND IMPLEMENTATION OF RECOMMENDATIONS

The Fund made some progress in addressing ten (10) audit findings raised in my 2022 annual report. Three (3) findings were addressed, one (1) was partially addressed and six (6) were not addressed as indicated below;

3.1. Alignment of governance processes

The finding was not addressed. The Audit committee still does not have a member with financial background.

3.2. Handover/ takeover agreement

The finding was not addressed. The Fund was not performing proper handover/ takeover procedures.

3.3. Stores Transaction Forms

The finding was addressed. Stores transaction forms are now all carbon copy completed.

3.4. Inventory reconciliation

The finding was not addressed. The Fund did not perform inventory reconciliations in the current year. The Fund was still reviewing the policy by addressing outstanding issues on SAP Project System where the Approved Capital Expenditure (ACE) and Vote of Completion Certificate (VCC) will be extracted from the system.

3.5. Ownership of properties

The finding was partially addressed. The process to regularise the land was in progress. The ownership of properties for Gwanda and Nyakamete stand were regularised while for Lupane it was still outstanding.

3.6. Project materials

The finding was not addressed. Project materials reconciliations were not being done.

3.7. Arching horns

The finding was addressed. The anomalies on arching horns have been addressed on the projects. In future, efforts are now being made to make sure all arching horns on all projects are well aligned as per ZETDC standards.

3.8. Transformer earthing

The finding was not addressed. The Fund still had instances where earthing was not done appropriately.

3.9. Earthing / cradle guard

The finding was not addressed. For the projects that the Fund installed in Gutu and Masvingo districts, the Fund did not install cradle guards where high voltage lines of different voltages were crossing one another.

3.10. Quality of poles

The finding was addressed. The level of creosote penetration was now being done as per standard and poor quality poles were replaced.

Background Information

The State Lotteries Fund was established in terms of the Lotteries and Gaming Act [*Chapter 10:26*]. The Fund's principal activity is the sale of lottery tickets and scratch cards and donating proceeds to charity.

I have audited the financial statements of State Lotteries Fund for the years ended December 31, 2020 and 2021. I issued Qualified Opinion for both years.

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 State Lotteries Fund 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 2020

i. 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 the requirements of International Accounting Standard (IAS) 21 - "The Effects of Changes in Foreign Exchange Rates", as the Fund was unable to use an appropriate exchange rate on change of functional currency to translate the opening USD denominated balances and transactions from January 1, to February 22, 2019. The balances and transactions were translated 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 Fund used October 1, 2018 as the date of change in functional currency and translated its foreign denominated balances to ZWL$ at a rate of 1:1 which was prescribed by Statutory Instrument 33 of 2019 which required 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 be translated at the prevailing interbank rate. The Fund's inability to assess the appropriateness of using the prescribed rates 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 Fund's 2020 opening balances misstatements have an impact on the current year financial statements.

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

The Fund did not carry out an annual assessment of the useful lives of its items of property, plant and equipment as required by International Accounting Standard (IAS) 16 – "Property, plant and equipment" paragraph 51. As a result, there were assets with zero values that were still being used by the Fund. Had the Fund reviewed the useful lives of its assets, the carrying amount of its property, plant and equipment reported could have been materially different.

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 State Lotteries 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 2021

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, Change in Accounting Estimates and Errors"

Opening balances

The prior years' financial statements did not comply with the requirements of IAS 21 - "The Effects of Changes in Foreign Exchange Rates", as the Fund had not been able to apply an appropriate exchange rate on change of functional currency in February 2019. The Fund 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 Fund adopted 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 Fund'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 Fund's 2021 opening balances misstatements have an impact on the current year financial statements. The Fund did not restate its prior year financial statements in accordance with International Accounting Standard (IAS) 8 - "Accounting Policies, Change in Accounting Estimates and Errors".

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

The Fund did not carry out an annual assessment of the useful lives and residual values of its items of property and equipment 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 Fund. Had the Fund reviewed the useful lives and residual values of its assets, the value of its property and equipment reported could have been materially different.

Report on going concern

I draw your attention to the fact that the Fund incurred a deficit of ZWL$2 million during the year ended December 31, 2021 and, as of that date, the Fund's current liabilities exceeded its current assets by ZWL$4.1 million. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Fund'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. Internal audit

Finding

The Fund's internal controls were not subject to review by the Internal audit during the period under review. This was contrary to the requirements of the Public Entities Corporate Governance Act [*Chapter 10:31*] which requires the Fund to have a continuous and effective risk- based internal audit.

Risk / Implication

Fraud and errors may go undetected.

Recommendation

Internal audit arrangements should be considered for the Fund.

Management response

The Accounting Procedure Manual is being updated now. The recommendation to ensure the manual is updated regularly will be complied with and timeous filling of vacant posts seriously considered as well as financial resources permit.

1.2. Cash management

Finding

The Fund was utilising cash from daily sales before banking. This was contrary to section 48 (1) of the Public Finance Management Act [*Chapter 22:19*] and the Fund's Instructional Manual, which requires that all money received, should be banked intact in the currency in which it was received. In addition, controls over cash management were inadequate as banking register for cash received from its customers was not maintained.

Risk / Implication

Misappropriation of cash.

Financial loss due to irregular expenditure that may not be detected on time.

Recommendation

All cash should be banked intact before utilisation in line with the Public Finance Management Act [*Chapter 22:19*] and the Fund's Accounting procedure manual.

Management response

All cash is now being banked whilst intact and a banking register has been established. The lack of adequate cash-flows was a major factor in the usage of funds before banking.

1.3. Annual budget

Finding

I was not availed with an approved annual budget for the year ended December 31, 2020. This was contrary to the requirements of the Public Finance Management Act [*Chapter 22:19*] which requires the preparation and submission of a budget to the Parent Ministry at least 30 days before the start of the financial year.

Risk / Implication

Expenditure incurred may not be in line with Government policies.

Recommendation

The Fund should prepare and submit its budget to the parent Ministry for approval in line with the Public Finance Management Act [*Chapter 22:19*].

Management response

Budget will be submitted to our Head office for approval in line with the Public Finance Management Act (Chapter 22:19).

The institution used to submit its budgets to the Ministry, it appears these were not considered material enough, given its inadequate financial position.

1.4. Accounting manual

Finding

The Fund's accounting procedures manual was not updated since the year 2016 despite changes in the reporting framework and also operating economic environment.

Risk / Implication

Inconsistencies in applying procedures.

Recommendation

Management should regularly update the accounting procedures manual in line with the changes in the business and accounting environment.

Management response

The Accounting Procedure Manual is being updated now, taking into account Ministry's directives and new developments in the field. The recommendation to ensure the manual is updated regularly will be complied with and timeous filling of vacant posts seriously considered as well as financial resources permit.

1.5. Alignment of accounting processes to the reporting framework

Finding

The Fund's accounting processes were not aligned to the reporting framework. As a result, the Fund did not carry out an annual assessment of the useful lives of its non-current assets as required by International Accounting Standard (IAS) 16 – "Property plant and equipment" paragraph 51 which requires that assets useful lives be reviewed annually. As a result, there were assets with nil values that were still being used.

Risk / Implication

Misstatement of financial statements.

Recommendation

The Fund should align its accounting processes to the reporting framework.

Management response

Anomaly noted and going forward accounting processes will be in aligned with the reporting framework with useful lives being reviewed on an annual basis on all non-current assets.

2. EMPLOYMENT ISSUES

2.1. Ticket sellers

Finding

The Fund had no contracts with temporary employees recruited during 2020. This was contrary to the Fund's conditions of service policy which requires that those employed by the Fund on temporary contracts should indicate their acceptance of the offer of employment in writing. In addition, the Fund did not receive all the cash for ticket sales that were allocated to some of the temporary staff who could now not be located.

Risk / Implication

Fraudulent activities may go undetected.

Lack of legal recourse in case of disputes.

Recommendation

Management should comply with Conditions of Service policy on the recruitment of short term contracts.

Management response

Each employee now has a contract and we keep updating their residency status to minimize exposure if it happens. Employees data base to be periodically updated as and when employees change their address.

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

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

3.1. Chitungwiza property

The finding was addressed. The lease was cancelled.

3.2. Statutory and other obligation

The finding was addressed. The Fund has now settled all the statutory and other obligations which were outstanding at year end.

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 a trustee.

I have audited the financial statements of the Universal Services Fund 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 Universal Service Fund 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. PROCUREMENT OF GOODS AND SERVICES

1.1 Advance payments exceeding the 15% threshold

Finding

The Fund made advance payments ranging from 30% to 40% of the contract price for the various construction contracts during the year. This was contrary to the terms of the signed contracts and also statutory instrument 5 of 2018 (Procurement Regulations) Section 63 (2) which requires that any advance payment made to a contractor shall be based on costs the contractor is likely to incur in mobilising resources to perform the procurement contract, and in the case of construction contracts, the advance payment, shall not exceed fifteen per centum of the contract price.

Below is a sample of advance payments:

Contract description	Contract Price USD	Advance Payment USD	Advance Payment in ZWL$	Percentage of contract price
Contract 1	1 590 217	636 087	246 315 221	40%
Contract 2	715 814	214 744	27 377 744	30%
Contract 3	1 011 740	303 522	33 387 436	30%
Contract 4	784 120	235 236	27 963 625	30%
Contract 5	1 091 141	327 342	38 912 762	30%
Contract 6	1 129 710	451 884	38 912 762	40%

Risk / Implication

Financial loss in the case of non-performance.

Recommendation

Management should ensure that advance payments are within the required 15% of contract prices.

Management response

The variation to the 30% and 40% was to enable the contractors to mobilise and be on site to commence the relevant works. These contracts are denominated in USD with payment being made using the prevailing Bank Rate on the date of payment, so paying more advance payment locks the contract value in ZWL$ as interbank rate continue to rise.

Management has corrected the issue and no advance payment shall exceed 15% for Construction projects as provided under Clause 63 (2)(a) of the Public Procurement and Disposal of Public Assets (General) Regulations.

2. SERVICE DELIVERY

2.1 Bandwidth data provision

Finding

The Fund was not regularly updating the beneficiaries whenever payments for Bandwidth data were processed during the year under review. As a result, some schools which were under the Fund's E-learning Bandwidth Data provision were not benefiting despite the service having been paid for by the Fund.

Risk / Implication

Financial loss due to duplication of payments.

Recommendation

The Fund should communicate with school management or administrators that are beneficiaries of the Bandwidth Data programme and closely monitor if the service reaches the intended user.

Management response

The observations are noted. Victoria High was paying for their bandwidth subscription as they were not aware that POTRAZ had already paid. The school was notified of the bandwidth payment and necessary actions will be taken to avoid double payments.

The other schools have not been reachable and there are continued efforts to try and engage them. Rimuka 3 High School was contacted and they indicated that they made a payment for March 2022 only. The service provider will be engaged so that the Rimuka 3 High School can get bandwidth for one extra month to compensate the March double payment.

Also various service providers that were paid to provide bandwidth to schools will be engaged with a view to ensure that beneficiary schools do not lose out. Due to the number of beneficiary schools, the process will take a bit long. As part of the preparations an advert to recruit fixed term monitoring and evaluation staff was flighted and closed on 23 March 2023. Interviews will be conducted soon after which successful candidates will be engaged.

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

The Fund made progress in addressing the audit finding that I raised in my 2022 annual report. One (1) finding was raised and was addressed as indicated below;

3.1 Communication Information Centre (CIC) laptops

The finding was addressed. The Fund is now distributing ICT gadgets through its own systems such as Courier Companies then physical follow up is done immediately to ascertain that the gadgets would have been received by the intended beneficiaries.

Background Information

The Zimbabwe Manpower Development Fund was established in terms of the Manpower Planning and Development Act [*Chapter 28:02]*. The objective of the Fund is to finance the cost of any scheme of manpower development in connection with vocational education or 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, 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 Zimbabwe Manpower Development Fund 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).

I made a follow up on findings raised in my 2021 and 2022 annual reports and below is the status;

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

The Fund has made progress in addressing the audit findings raised in my 2021 and 2022 annual reports. I raised two (2) audit findings in my 2022 annual report and followed up on one (1) finding which was outstanding in my 2021 annual report. One (1) finding was addressed and two (2) findings were not addressed as indicated below;

1.1. Vehicles registration

The finding was addressed. The vehicles were registered in 2023.

1.2. Investments

The finding was not addressed. Title deeds for all stands had not been issued.

1.3. Delivery of motor vehicles

The finding was not addressed. The supplier failed to deliver the four (4) motor vehicles.

PUBLIC ENTITIES UNDER THE CATEGORY OF HOSPITALS

Background Information

Chitungwiza Central Hospital is a body corporate established in terms of the Health Service Act *[Chapter 15:16]*. The Hospital is involved in the provision of hospitalization and medical services.

I have audited the financial statements of Chitungwiza Central Hospital 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 Chitungwiza Central Hospital. 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. Completeness of accounting records

The Hospital's accounting system malfunctioned during the year 2023 rendering it inoperable. As a result, the Hospital could not recover accounting information from the system and back up information could not be recovered from the remote server. Accounting records were captured again in excel using information from source documents and management accounts. I was not able to satisfy myself by alternative means concerning the completeness of amounts included in the financial statements.

ii. Completeness and accuracy of hospital revenue

The Hospital did not avail ledgers for revenue. Due to data loss that resulted from the system malfunction, management were only able to provide a schedule showing monthly revenues. There were no invoices to support the monthly revenues on the schedules. I was not able to obtain sufficient and appropriate audit evidence on occurrence, accuracy and completeness of revenue and I could not satisfy myself by alternative means.

iii. Limitation of scope on trade receivables and trade payables

The Hospital did not provide the listings or ageings for trade receivables and trade payables amounting to ZWL$ 34.9 million and ZWL$ 5.3 million respectively as at December 31, 2020. Sub-legers for the individual debtors and creditors were not availed and as a result, I was not able to perform confirmations. Reconciliations for trade receivables and trade payables were not being performed. In addition, management could not provide schedules and calculations for allowances for credit losses on trade receivables amounting to ZWL$17.4 million and the movement in the allowance amounting to ZWL$4.1 million. I could not ascertain compliance with International Financial Reporting Standard (IFRS) 9 - "Financial Instruments". I was not able to satisfy myself by alternative means concerning the completeness, existence, valuation and accuracy of trade receivables and trade payables as at December 31, 2020.

iv. Valuation of property and equipment

Revaluation of property and equipment was completed in February 2020, however the Hospital could not provide a final signed valuation report from the valuer and as a result I could not determine the accuracy of the revalued amounts for property and equipment and revaluation surplus calculations. I could not determine whether any adjustments would have been necessary.

v. Trial Balance not agreeing to the underlying ledgers

Expenses on the trial balance were not agreeing to the underlying ledgers. The total expenses as per the ledger exceeded the trial balance by ZWL$ 9.9 million. I could not place reliance on the accuracy of the trial balance and I was unable to ascertain whether any adjustments were necessary on the trial balance.

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

The financial statements of the Hospital included balances and transactions denominated in USD that were translated to local currency (ZWL$) using an exchange rate of 1:1 in compliance with Statutory Instrument 33 of 2019 (SI 33/19). I believe that the economic substance of transactions in the market indicated a different rate between the two currencies throughout this period despite the legal 1:1 ZWL$: USD exchange rate. The use of the 1:1 exchange rate thereby constituted a departure from the requirements of IAS 21- "The Effects of Changes in Foreign Exchange Rates". The comparative figures were translated to the local reporting currency (ZWL$) from the previous reporting currency (USD) at a rate of 1:1. The exchange rate used did not represent the appropriate market exchange rate that existed as required by IAS 21- "The Effects of Changes in Foreign Exchange Rates".

Instances of non-compliance with IAS 21- "The Effects of Changes in Foreign Exchange Rates" noted above were primarily due to the requirements of Statutory Instrument 33 of 2019 being inconsistent with IAS 21 - "The Effects of Changes in Foreign Exchange Rates". The financial effects of this departure on the financial statements have not been determined and we have not been able to quantify the misstatements.

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

Despite the fact that the Hospital applied correctly the requirements of IAS 29 – "Financial Reporting in Hyperinflationary Economies" in preparing the financial statements, because of the issues stated above, confidence could not be placed on the underlying information used to prepare the financial statements for the year ended December 31, 2020. I could not therefore determine whether there were any adjustments required with regards to application of IAS 29 – "Financial Reporting in Hyperinflationary Economies".

Below are other material issues noted during the audit;

1. GOVERNANCE ISSUES

1.1. Completeness of accounting records

Finding

The Hospital's accounting system malfunctioned, as a result, records were being maintained in excel. Accounting records were previously maintained partially in Pastel and SAP, however these accounting systems were no longer in use. Accounting records for the year ended December 31, 2020 were prepared from a combination of information from Pastel, SAP and excel records. I could not therefore ascertain accuracy and completeness of information.

Risk / Implication

Misstatement of financial statements due to incomplete data.

Recommendation

The Hospital should invest in an automated accounting system that is user friendly and with sufficient back-up.

Management response

The entity is just waiting for an approval from the Parent Ministry for the installation of Pastel evolution in finance once approval is granted the Hospital will put a new accounting package in place.

1.2. Accuracy of accounting records

Finding

The trial balance of the Hospital was not agreeing to ledger accounts for the year ended December 31, 2020. As a result, there was a variance of ZWL$9.9 million.

Risk / Implication

Misstatement of financial statements.

Recommendation

The Hospital should make efforts to have in place an integrated accounting system to manage its financial records.

Management response

The error was noted and in future the entity will do as per the recommendations of the audit. The balances of the trial balance were obtained when the Hospital services fund expenditure and GOZ were combined.

1.3. Performance of cash and bank reconciliations

Finding

There was no evidence that an independent person reviewed the bank and cash reconciliations that were being prepared manually. As a result, there was a variance of ZWL$4 740 between the trial balance and the bank statement.

Risk / Implication

Fraud and errors may go undetected.

Recommendation

Cash and bank reconciliations should be reviewed by an independent person.

Management response

The cash book and all the bank reconciliations were being done in excel manually because of the system. When SAP was installed it did not have the bank reconciliation component up to the time it crushed.

The variance mentioned above will be looked to establish its source.

1.4. Revenue Invoices

Finding

The Hospital did not avail ledgers for revenue. Due to data loss that resulted from the system malfunction, management were only able to provide a schedule showing monthly revenues. There were no invoices to support the monthly revenues on the schedules.

Risk / Implication

Misstatement of the financial statements.

Recommendation

The Hospital should have a backup facility in order to retrieve lost data.

Management response

When the system crushed about 70% of our debtors were locked in, hence the non-availability of some of the documents mentioned. The Hospital with all its magnitude is operating manually. A new accounting package will be put in place shortly upon approval from Finance Ministry.

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

The Hospital did not make progress in addressing audit findings raised in my 2021 annual report. I raised two (2) audit findings and they were not addressed as indicated below;

2.1. Alignment accounting processes to new developments

The finding was not addressed. The Hospital's audit opinion was modified based on non-compliance with alignment of accounting processes.

2.2. Creditors and receivables reconciliations

The finding was not addressed. No reconciliations were done in the year under review.

Background Information

Ingutsheni Central Hospital is a body corporate established in terms of the Health Service Act [*Chapter 15:16*] and Mental Health Act [*Chapter 15:12*] as a psychiatry Health Institution. Its operations are guided by the Mental Health Regulations of 1999 and the Zimbabwe Mental Health Policy of 2004.

I have audited the financial statements of Ingutsheni Central Hospital 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 Ingutsheni Central Hospital 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 of Adverse Opinion

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

Opening Balances

The Hospital 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 Hospital'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 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 Hospital's 2020 opening balances misstatements have an impact on the current year financial statements. Had the Hospital 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 Hospital'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) 16- "Property, Plant and Equipment"

The Hospital did not perform a revaluation for its Property, plant and equipment valued at ZWL$ 977.56 million (2019: ZWL$ 993.3 million). This was contrary to the provisions of International Accounting Standard (IAS) 16- "Property, plant and equipment" paragraph 31, which requires that revaluations be carried out with sufficient regularity, so that the carrying amount of an asset does not differ materially from its fair value at the reporting date.

iii. Unreconciled balance

The Hospital had an unreconciled balance on the statement of changes in equity of ZWL$ 16.1 million. This balance could not be reconciled neither was there supporting evidence to substantiate the balance. As a result, I was not able to satisfy myself with the reported figure and appropriateness of including this balance under accumulated fund.

iv. Absence of stock count reports

I could not verify the valuation of an inventory balance of ZWL$ 53.4 million included in the financial statements of the Hospital. The Hospital could not avail stock count sheets and supporting evidence of its inventory count as at December 31, 2020 and there was no independent reviewer present to observe the count.

v. Absence of donations register

Included in other income are donations valued at ZWL$ 88.5 million. The Hospital did not have comprehensive donations register in place and sufficient supporting documentation. As a result, I could not confirm the completeness of donations recorded in other income. My opinion was modified due to the effects of the balance on revenue, accumulated fund and inventory.

vi. Non-compliance with International Financial Reporting Standard (IFRS) 9 – "Financial Instruments"

The Hospital did not account for allowance for expected credit losses. International Financial Reporting Standard (IFRS) 9- "Financial Instruments" requires credit losses to be measured and recognized using the expected credit loss (ECL) approach. Probability of default and loss given default models were not used in the valuation of trade receivables. The non-calculation of expected credit losses is therefore considered to be material, despite the impact not being quantifiable. As a result, I was not able to satisfy myself as to the valuation of trade receivables as of December 31, 2020.

vii. International Accounting Standard (IAS) 29- "Financial Reporting in Hyperinflationary Economies accounting"

The Hospital applied International Accounting Standard (IAS) 29– "Financial Reporting in Hyperinflationary Economies" on prior and current periods' financial information, which was not in compliance with International Accounting Standard (IAS) 21- "The Effects of Changes in Foreign Exchange Rates" as described above. Had the correct base numbers and start date been used, most elements of the financial statements would have been materially different. Consequently, the monetary (loss) / gain of ZWL$ 2.4 million (2019: ZWL$ 514.2 million) on the statement of comprehensive income is impacted.

Below are other material issues noted during the audit:

1. GOVERNANCE ISSUES

1.1 Inventory count

Finding

The Hospital did not avail evidence that inventory counts were conducted during the year and at year the end. As a result, I could not ascertain the valuation and existence of inventory presented in the financial statements amounting to ZWL$53.5 million.

Risk / Implication

Misstatement of financial statements.

Misappropriation of inventory.

Recommendation

The Hospital should perform inventory counts regularly.

Management response

Observation noted. We will make sure all the audit recommendations on stock count are adhered to as soon as possible.

1.2 Issue vouchers

Finding

The Hospital was not consistently utilizing issue vouchers when dispatching goods. I was not availed with issue vouchers for inventory dispatched for sales amounting to ZWL$ 394 615 pertaining to the period of September to December 2020.

Risk / implication

Misappropriation of inventory items.

Recommendation

The Hospital should enforce compliance with its policies on the use of issue vouchers on all project sales.

Management should ensure issue vouchers are consistently used whenever inventory is being dispatched.

Management response

Observation noted. Management is implementing the recommendations.

1.3 Donations register

Finding

The Hospital did not maintain donations register to record and track all donations received during the period under review. As a result, I was unable to ascertain the completeness and valuation of the donations received amounting to ZWL$88.6 million recorded in the financial statements.

Risk / Implication

Misstatement of financial statements.

Misappropriation of donations.

Recommendation

Management should maintain a comprehensive register for all donated items received.

Management response

Noted. We have already complied with the audit recommendations and registers for donations are now in place.

1.4 Asset register

Finding

The Hospital did not maintain a comprehensive asset register. For instance, details on physical condition of assets, description and asset numbers were not recorded for some assets in the asset register. There were twenty (20) laptop computers, five (5) printers and three (3) projector screens which had one asset number.

Risk / Implication

Misappropriation of assets.

Tracing assets from the register to the physical assets may be difficult.

Recommendation

The Hospital should regularly update the asset register with essential details.

Management response

Observation noted. We will make sure we maintain a comprehensive asset register as recommended by the Auditors

1.5 Asset revaluation

Finding

The Hospital did not perform a revaluation exercise either by engaging an independent valuation expert or management professional judgement to determine the fair value of the assets as at December 31, 2020 despite asset having reached their useful lives. This was contrary to International Accounting Standard (IAS)16- "Property, Plant and Equipment" paragraph 31 which requires revaluations to be carried out with sufficient regularity, so that the carrying amount does not differ materially from its fair value at the reporting date.

Risk / Implication

Misstatement of financial statements.

Recommendation

The Hospital should revalue its assets in line with requirements of International Accounting Standard (IAS) 16- "Property, Plant and Equipment".

Management response

Observation noted. We have already engaged independent valuation expert for all our assets and we will make sure it's an on-going process.

1.6 Management of accounts receivables

Finding

The controls over management of accounts receivables were not adequate. The Hospital did not maintain an age analysis, customer statements and there was no evidence of follow ups on outstanding amounts.

Risk / Implication

Financial loss due to non-recovery of outstanding amounts.

Fraud, errors and omissions may not be detected on time.

Recommendation

The Hospital should maintain an updated debtors aging analysis and conduct regular follow ups on outstanding amounts.

Management response

The observation is noted. The Audit recommendations shall be implemented in due course as prescribed.

1.7 Valuation of trade receivables

Finding

The Hospital did not have a policy on the impairment of trade receivables. As a result, they did not provide for expected credit losses on their accounts receivable balances. This was contrary to the requirements of International Financial Reporting Standard (IFRS) 9- "Financial Instruments" which requires an impairment test to be performed for any financial instruments whose risk of recoverability has significantly increased since initial recognition and an estimate of expected credit losses must be made annually.

Risk / Implication

Misstatement of financial statements.

Recommendation

Management should come up with a debt management policy which aligns with International Financial Reporting Standard (IFRS) 9- "Financial Instruments".

Management response

Observation is noted. The Audit observations shall be implemented as provided.

Background Information

Mpilo Central Hospital was established in terms of the Health Service Act [*Chapter15:16*]. The Hospital is involved in the provision of hospitalization and medical services to the Southern region of Zimbabwe.

I have audited the financial statements of Mpilo Central Hospital for the year ended December 31, 2021 and 2022 and I issued Adverse Opinion for both years.

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 Mpilo Central Hospital 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 2021

i Non-Compliance with International Accounting Standard 21 – "The Effects of Changes in Foreign Exchange Rates"

Opening balances

The Hospital's financial statements in the prior year were modified due to non-compliance with the requirements of IAS 21 – "The Effects of Changes in Foreign Exchange Rates". On February 22, 2019, the Hospital 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 rate of 1:1 in compliance with SI 33/19. This constituted a material departure from the requirements of IAS 21 - "The Effects of Changes in Foreign Exchange Rates" which requires the use of appropriate exchange rates when translating figures from one currency to another.

The amounts that were previously reported as USD prior to January 1, 2019 were translated to the local reporting currency (ZWL$) from the previous reporting currency (USD) at a rate of 1:1. The exchange rate applied did not represent the appropriate exchange rate that existed in comparative year in terms of IAS 21 - "The Effects 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.

ii Completeness and valuation of donations

During the year ended December 31, 2021, the Hospital recognized donations amounting to ZWL$110.8 million. Management could not provide supporting schedules to substantiate the valuation of these recorded donations. As such, I could not satisfy myself on the valuation and completeness of donations and determine if any adjustments were necessary to the statement of profit or loss and other comprehensive income and statement of financial position.

iii Non- compliance with International Financial Reporting Standard (IFRS) 9 – "Financial instruments"

During the year ended December 31, 2021, the Hospital recognized trade receivables amounting to ZWL$78 million. Management could not reconcile a variance amounting to ZWL$5.7 million between receivables confirmation and Hospital records. The Hospital adopted International

Financial Reporting Standard (IFRS) 9 “Financial Instruments” effective July 1, 2018.The Hospital elected to apply the simplified approach and used the provision matrix in determining the expected credit loss allowances as at year end which amounted to ZWL$81.1 million. Mpilo did not make use of probability weighted expected credit loss on the different scenarios and did not appropriately segment the trade receivables according to their different credit profiles. I could not ascertain the reasonableness of the expected credit loss allowance disclosed and the extend of adjustments necessary. As such, I could not satisfy myself on the valuation and accuracy of trade receivables and determine if any adjustments were necessary to the statement of profit or loss and other comprehensive income and statement of financial position accordingly.

iv Completeness and existence of Property, plant and equipment

The Hospital maintained a fixed asset register which did not have values and a formal identification system of assets (tagging and serial numbers). I could not satisfy myself on the completeness and existence of the property, plant and equipment recognized in the financial statements amounting to ZWL$1.7 million. As the Hospital has a number of similar assets, I could not ascertain if any adjustments were necessary to the statement financial position.

v Valuation of Property, plant and equipment

The Hospital did not carry out any an assessment of its asset’s residual values and useful life assessment in the 2021 financial period. This was contrary to International Accounting Standard (IAS) 16 – “Property, plant and equipment” paragraph 51 which requires assessment of residual values and useful lives be carried out at the end of each financial year. Therefore, I could not satisfy myself on the valuation of property, plant and equipment disclosed in the statement of financial position as at December 31, 2021.

vi Valuation of inventory

I could not reconcile inventory amounting to ZWL$9.1 million recognized in the statement of financial position between the unit cost as per the supporting documentation provided and the inventory valuation report. As such, I could not satisfy myself on the valuation of inventory disclosed in the statement of financial position as at December 31, 2021.

vii Occurrence of inventory consumed

Management could not provide supporting documents of items of inventory purchased during the year amounting to ZWL$5.4 million. As such, I could not satisfy myself on the occurrence of the amounts expensed in the financial statements and determine if any adjustments were necessary to the statement of profit or loss and other comprehensive income and statement of financial position accordingly.

Report on going concern

I draw your attention to the fact that the Hospital incurred a deficit amounting to ZWL$ 8.5 million (2020: ZWL$53.7 million) for the year ended December 31, 2021.This condition indicate that a material uncertainty exists that may cast doubt on the Hospital’s ability to continue as a going concern. My opinion is not modified in respect of this matter.

Adverse Opinion 2022

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 Mpilo Central Hospital 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 Adverse Opinion 2022

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"

Opening balances

In the prior year, the Hospital did not comply with the requirements of IAS 21 – "The Effects of Changes in Foreign Exchange Rates". The Hospital elected to comply with the requirements of Statutory Instrument 33 of 2019 (SI 33/19) which was issued on February 20, 2019 and was considered to be inconsistent with the requirements of IAS 21 – "The Effects of Changes in Foreign Exchange Rates". The Hospital was guided by Statutory Instrument 41 of 2019 (SI 41/19) which required that in the case of inconsistency between local pronouncement and any International standard, the local pronouncement would take precedence.

The opening balances for the financial years ended December 31, 2021 and 2022 were affected by the following prior period events:

- During the period January 1, 2019 to February 21, 2019 the financial statements of the Hospital included balances and transactions denominated in USD that were converted to local currency (ZWL$) using an exchange rate of 1:1 in compliance with Statutory Instrument 33 of 2019 (SI 33/19). I believe that the economic substance of transactions in the market indicated a different rate between the two currencies throughout this period despite the legal 1 ZWL$: 1 USD exchange rate. The use of the 1:1 exchange rate thereby constituted a departure from the requirements of IAS 21 – "The Effects of Changes in Foreign Exchange Rates".
- On February 22, 2019, the Hospital changed its functional currency from USD to ZWL$, all balances that were previously denominated in USD were translated into local currency using an exchange rate of 1:1 in compliance with SI 33/19. This constituted a material departure from the requirements of IAS 21 – "The Effects of Changes in Foreign Exchange Rates" which required the use of market exchange rates when translating figures from one currency to another.

The effects of misstatements due to non-compliance with International Accounting Standard (IAS) 21 - "The Effects of Changes in Foreign Exchange Rates" on prior year financial statements and opening balances had not been quantified and adjusted in line with the requirements of International Accounting Standard (IAS) 8 – "Accounting Policies, Changes in Accounting Estimates and Errors".

ii Completeness and valuation of donations

The Hospital recognised donations amounting to ZWL$998.45 million. Management could not provide supporting schedules to substantiate the valuation of these recorded donations. As such, I could not satisfy myself on the valuation and completeness of donations and determine if any adjustments were necessary to the statement of profit or loss and other comprehensive income and statement of financial position accordingly.

iii Completeness and existence of property, plant and equipment

The Hospital maintained a fixed asset register which did not have values and identification numbers. I could not satisfy myself on the completeness and existence of the property, plant and equipment recognized in the financial statements amounting to ZWL$7.16 billion. As the Hospital has a number of similar assets, I could not ascertain if any adjustments were necessary to the statement of financial position.

iv Valuation of property, plant and equipment

The Hospital did not review residual values and useful lives of the assets as at December 31, 2022. This was contrary to the requirements of International Accounting Standard (IAS) 16 – “Property, plant and equipment” paragraph 51 which requires that an assessment of residual values and useful lives be carried out at the end of each financial year. I therefore could not satisfy myself on the valuation of property, plant and equipment as disclosed in statement of financial position as at December 31, 2022.

v Valuation of inventory

I could not reconcile inventory amounting to ZWL$161.46 million recognized in the statement of financial position between the unit cost as per the supporting documentation provided and the inventory valuation report. As such, I could not satisfy myself on the valuation of inventory.

vi Occurrence of inventory consumed

Management could not provide supporting documents of items of inventory purchased during the year amounting to ZWL$1.32 billion. As such, I could not satisfy myself on the occurrence of the amounts expensed in the financial statements and determine if any adjustments were necessary to the statement of profit or loss and other comprehensive income and statement of financial position accordingly.

vii Valuation of trade receivables

The Hospital elected to apply the simplified approach and used the provision matrix in determining the expected credit loss allowances as at year end which amounted to ZWL$698. 93 million as disclosed in the financial statements. The Hospital did not make use of probability weighted expected credit loss on the different scenarios and did not appropriately segment the trade receivables according to their different credit profiles contrary to the requirements of International Financial Reporting Standards (IFRS) 9 – “Financial Instruments”. It was impracticable for me to quantify the misstatement in the financial statements as a result of non-compliance with IFRS 9 – “Financial Instruments”.

viii Valuation of trade payables

Management could not provide evidence of the translation of foreign currency denominated payables as at December 31, 2022. This was contrary to the requirements of International Accounting Standard (IAS) 21 – “The Effects of Changes in Foreign Exchange Rates” which requires that foreign currency monetary amounts should be reported using the closing exchange rate. As at December 31, 2022, the Hospital had incurred obligations that had to be settled in the United States Dollar from various suppliers. As such, I was unable to satisfy myself on the valuation of trade payables.

Report on going concern

I draw your attention to the fact that the Hospital reported an accumulated deficit of ZWL$2.1 billion (2021: ZWL$4.4billion) as at December 31, 2022. These factors indicate that a material uncertainty exists that may cast doubt on the Hospital’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 signatories

Finding

The Hospital's internal control system over cash and bank was weak in that the former employees of the Hospital were still on the bank signatories panel.

Risk / Implication

Financial loss due to irregular transactions.

Recommendation

The Hospital should strengthen its internal control systems.

Management response

Numerous communications have been done with the bank to update the hospital signatories. A follow up will be made with our bank on this issue. It is surprising how the old signatories are retained while the new ones are added.

1.2. Foreign denominated creditors balances

Finding

The Hospital was unable to avail the United States Dollar (USD) creditors ageing analysis for the year ended December 31, 2022. The Hospital was using manual system. As a result, I was unable to confirm the completeness of the creditors balances presented in the financial statements.

Risk / Implication

Misstatements of financial statements.

Recommendation

The Hospital should automate all its key accounting processes so as to produce age analysis.

Management response

The Accountant for expenditure is supposed to do age analysis for all United States Dollar creditors. This is not feasible with a manual system.

1.3. Accounting procedures

Finding

The Hospital's accounting procedures were inadequate and there was no guidance on the preparation, reconciliation and communicating of monthly statements with its debtors. As a result, no debtors' reconciliations were performed during the year ended December 31, 2022. This was contrary to generally accepted accounting best practices which requires account statements to be prepared and submitted to the debtors on a monthly basis and debtors' reconciliation to be done monthly.

Risk / Implication

Errors and omissions may go undetected.

Recommendation

Management should prepare and issue monthly debtors statements to its customers.

Reconciliations for all significant debtor balances needs to be done on a monthly basis.

Management response

Noted. Management will resume the issuing out statements to group debtors on monthly basis. Not feasible to prepare and send statements to individual debtors.

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

The Hospital did not make progress in addressing audit findings raised in my 2020 and 2021 annual reports. I raised three (3) audit findings in my 2021 annual report and followed up on four (4) outstanding findings raised in my 2020 annual report. All the seven (7) findings were not addressed as indicated below;

2.1. Internal audit function

The finding was not addressed. The Hospital has not yet established the internal audit function.

2.2. Supporting documents

The finding was not addressed. I could not determine the valuation of donated items worth ZWL$ 612.3 million due to lack of proper supporting documentation in the 2022 financial year. There was no evidence of documented assumptions used to determine the market prices of the donations.

2.3. Inventory variances

The finding was not addressed. Variances amounting to ZWL$161.4 million were noted in the 2022 financial statements.

2.4. Non-compliance with IAS 16 "Property, plant and equipment"

The finding was not addressed. The Hospital did not perform revaluation of assets for the year ended December 31, 2022.

2.5. Board of management

The finding was not addressed. The Board of management was not yet appointed.

2.6. Shortage of manpower

The finding was not addressed. The Hospital was still facing manpower challenges during 2022.

2.7. Non-compliance with IFRS 9 - "Financial Instruments"

The finding was not addressed. The Hospital did not apply the requirements of IFRS 9 - "Financial Instruments" in determining the expected credit loss for the 2022 financial year.

Background Information

Parirenyatwa Group of Hospitals was established in terms of Health Service Act *[Chapter 15:16]*. The Hospital is a principal referral centre 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 the Parirenyatwa Group of Hospitals for the year ended December 31, 2022 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, 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

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, 2022. The Hospital last performed a revaluation exercise in 2009. International Accounting Standards (IAS) 16- "Property, plant and equipment" paragraph 31 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 ZWL$ 4. 4 billion 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 International Financial Reporting Standard (IFRS) 13 - "Fair value measurement". I therefore could not satisfy myself on the appropriateness of the value of property, plant and equipment as disclosed in the financial statements.

Below are other material issues noted during the audit;

1. GOVERNANCE ISSUES

1.1 Lease arrangements

Finding

The Hospital was taking long to update policies following changes in the operating environment. The Hospital revised lease terms of its leasing arrangements from two years to one year and this change was not aligned to the policy on institutional accommodation.

Risk / Implication

Financial loss due to policy inconsistency.

Recommendation

Management should regularly review its policies to keep up with changes in the operating environment.

Management response

Noted. The draft amended policy will be done by December 31, 2023.

2. MANAGEMENT OF ASSETS

2.1 Kitchen ceiling and equipment

Finding

The Hospital was allocated a capital grant of ZWL$ 800 million for the 2022 financial year, however, no funds were received from the capital grant allocation. As a result, Hospital infrastructure had gone for years without rehabilitation. For instance, the kitchen ceiling had deteriorated and the old kitchen equipment such as steamers, electric stoves, freezers and ovens were not functioning and some have since been decommissioned.

Risk / Implication

Service delivery may be compromised.

Recommendation

Management should continue lobbying for the release of the capital expenditure funds for repairs and maintenance works for the Hospital infrastructure.

Management response

The Hospital was allocated a capital grant of ZWL$800 million in 2022 financial year but there was no disbursement. Most of the Recurrent Budget was only disbursed in December 2022 and hence major repairs and maintenance could not be carried out.
Both recurrent and capital grants were disbursed in the 2023 financial year and critical repairs were done to the ceiling.

2.2 Storage space

Finding

The Hospital's storage facilities were no longer sufficient. In addition, the construction of the warehouse to improve storage facilities was still at planning stage. As a result, some pharmaceutical products were being stored in the corridors and medical records stored on the floors. Upon enquiry it was indicated that the Hospital was using the corridors as a temporary measure as it was facing a critical shortage of storage space.

Risk / Implication

Financial loss due to deterioration of drugs and misappropriation.

Medical documents may be misplaced.

Recommendation

Management should engage Treasury through the line Ministry for capital expenditure funding.

Management response

Noted. Inadequate funding has negatively affected the construction of the warehouse. The Hospital handles large volumes of medical records for both in-patients and out-patients. There is shortage of storage space. The construction of the warehouse is at planning stage.

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

The Hospital had not made progress in addressing audit findings and implementation of recommendations raised in my 2021 and 2022. I raised eight (8) audit findings in 2022 annual report and followed up on one (1) finding which was outstanding in the 2021 report. Four (4) findings were partially addressed while the other five (5) were not addressed as indicated below;

3.1 Key vacant posts

The finding was partially addressed. The Chief Medical Laboratory Scientist position was filled. The advertisement for the Operations Director was flighted by the Health Service Commission and recruitment and selection process is in progress. However, the Hospital is still waiting for either the confirmation of the Clinical Director who is acting Chief Executive Officer or the recruitment of a new member.

3.2 Settling of debts

The finding was not addressed. The Hospital is still struggling to settle its accounts payables on time.

3.3 Exemption grants

The finding was partially addressed. The Hospital recommended to the authorities to review the free user policy. The review entails the patient paying an amount based on cost recovery for hospital services and this will address the funding gap.

3.4 Operational fleet

The finding was partially addressed. As part of progress, two 65 seater buses were allocated to the Hospital by the Ministry of Health and Child Care in 2023.

3.5 Residential accommodation

The finding was not addressed. Treasury allocated ZWL$800 million for capital grant but nothing was disbursed in 2022 financial year. Therefore, residential buildings could not be renovated.

3.6 Maintenance of Hospital facilities

The finding was partially addressed. The Magnetic Resonance Imaging (M.R.I) machine was commissioned in 2023 financial year. Other small pieces of medical equipment such as Suction machines were also received in 2023 financial year. A total of ZWL$17 billion was allocated for medical equipment in 2024 budget to procure retooling of theatres, radiology equipment, critical care equipment and other pieces of equipment.

3.7 Analysing tools

The finding was not addressed. Analyzing tools to be considered in the 2025 budget.

3.8 Valuation of property, plant and equipment.

The finding was not addressed. The Hospital did not carryout the revaluation of assets in the 2022 financial year. However, the revaluation assessment exercise was performed in 2023 financial year.

3.9 Board of Directors

The finding was not addressed. The Group of Hospitals is still waiting for the appointment of the Board.

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 year ended December 31, 2022 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 Sally Mugabe Central Hospital 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 Adverse 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"

Opening balances

The opening balances for 2019 financial period were reported as USD end of 2018 financial year and were translated to ZWL$ at the rate of 1:1 in compliance with Statutory Instrument 33 of 2019. The transactions between January 1, 2019 and February 28, 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 February 28, 2019, the Hospital 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 International Accounting Standard (IAS) 8 - "Accounting Policies, Changes in Accounting Estimates and Errors", the misstatements on the prior years' income statement had been carried forward in the current year retained earnings balance. The effects of the non - compliance were considered material for the year ended December 31, 2022 but not pervasive.

ii. Valuation, accuracy and completeness of trade and other receivables

I was not availed with debtors age analysis supporting trade and other receivables amounting to ZWL$ 906 million recognized in the financial statements as at December 31, 2022. As a result, I could not satisfy myself on the accuracy, valuation and completeness of trade and other receivables recognized in the financial statements.

iii. **Non-compliance with International Financial Reporting Standard (IFRS) 9 – "Financial Instruments"**

IFRS 9 - "Financial Instruments" became effective for annual periods beginning January 1, 2018. The Hospital had not yet prepared policy on determination for expected credit loss in line with the requirements of IFRS 9- "Financial Instruments". I could not ascertain the accuracy of the provision raised for the bad debts due to absence of expected credit loss model. The allowance for credit losses of ZWL$156 .4million was not determined in accordance with the requirements of IFRS 9 - "Financial Instruments". 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.

iv. **Valuation of inventory**

During the year ended December 31, 2022, inventory amounting to ZWL$ 264. 2 million was recognised in the financial statements. I was not availed with supporting invoices for inventory purchases made for the period under review. As a result, I could not satisfy myself on the accuracy, valuation and completeness of inventory recognised as sufficient appropriate audit evidence was not availed.

v. **Donations valuations**

During the year ended December 31, 2022 the Hospital received donations in the form of property, plant and equipment and inventory. I could not ascertain the valuation of the donated property, plant and equipment and the inventory. The donated inventory was recorded at nil value and value of property, plant and equipment was ZWL$ 39.2 million.

Below are other material issues noted during the audit;

1. GOVERNANCE ISSUES

1.1. Expected credit loss computations

Finding

The Hospital's Accounting procedures manual was not updated with procedures pertaining to the determination of provision of expected credit loss. As a result, the calculations for the expected credit loss were not availed. I could not ascertain how management came up with the provision for credit loss in the financial statements.

Risk / Implication

Inconsistence application of the standard.

Recommendation

The Accounting manual should be regularly updated to include changes and amendments to the reporting framework.

Management response

Management was guided by the requirements of IFRS 9 in coming up with the allowance losses. The entity is now required to produce final accounts under the IPSAS Framework and the appropriate standard, IPSAS 41, shall be incorporated into the documented accounting procedures.

Auditor's evaluation

Although management highlighted that they were guided by IFRS 9 – "Financial Instruments" in coming up with the allowance for credit losses, I was not availed with evidence supporting the determination allowance for credit loss amounting to ZWL$156.4 million disclosed in the financial statements.

1.2. Alignment of accounting process to the reporting framework

Finding

The Hospital did not carry out an annual impairment assessment for its assets as required by International Accounting standard (IAS) 36 – "Impairment of assets" paragraph 9 which requires an entity to assess an indication of impairment on its assets at the end of each reporting period. In addition, the Hospital did not review the residual value and useful life of its assets as there were assets with nil values but still in use. This was contrary to International Accounting Standard (IAS)16 – "Property, plant and equipment" paragraph 51 which requires a review of the residual value and useful life of assets to be performed annually.

Risk / Implication

Misstatement of financial statements.

Recommendation

The Hospital should update its year end procedures to include the requirements of International Financial Reporting Framework.

The Hospital should review the useful life and residual value and perform annual impairment assessment in line with the International Financial Reporting Framework.

Management response

Management is in the process of revaluing all the assets.

1.3. Inventory valuation

Finding

The trial balance was not agreeing to the inventory valuation report by an amount of ZWL$12.5 million. The Hospital had not investigated and cleared a recurring balance of ZWL$ 2.1 million arising from prior year.

In addition, I was not availed with inventory supporting documentation such as the invoices. As a result, I could not carry out alternative procedures to be satisfied that the inventory amount disclosed in the financials is not materially misstated.

Risk / Implication

Misstatement of financial statements.

Recommendation

Inventory variances should be investigated and cleared on time.

Management response

This was as a result of the variance analysis report not being done as a result no journals entries were done in the system. Management will make sure that the reports are done after every stock count. Currently we have a manual system at the pharmacy, all manual documents are available upon request however Management is currently lobbying for funding for the installation of an integrated computer system. The system will enable the generation of appropriate reports.

2. EMPLOYMENT ISSUES

2.1. Employee files

Finding

The Hospital was not updating employee files regularly with essential documents that include performance appraisals, banking details and academic certificates. As a result, I could not ascertain whether the Hospital was complying with its policies on performance appraisals and recruitment in the absence of the essential documents on file.

Risk / Implication

Decision making on employees may be compromised due to absence of essential documentation.

Recommendation

Management should improve on record keeping for the personal files.

Management response

Noted. In certain cases, an employee can have more than one file for various reasons. It is therefore necessary to locate all files for an individual to ensure that the employee history is appropriately consolidated. Salary Service Bureau runs a parallel filing system with no possibility of double paying an employee. Management shall ensure that all documents are properly filed and that all files pending transfer to our hospital are followed up so that all necessary documents are placed in the file on time.

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

The Hospital made progress in addressing audit findings raised in my 2021 and 2022 annual reports. I raised three (3) audit findings in my 2022 annual report and followed up on three (3) findings which were outstanding from my 2021 annual report. One (1) finding was addressed, two (2) findings were partially addressed and three (3) were not addressed as indicated below;

3.1. Hospital Management Board

The finding was not addressed. The Board has not been appointed and follow up has been made with the parent Ministry.

3.2. Monthly bank reconciliations

The finding was partially addressed. The reconciliations for local currency were not being done in 2022 and only the Nostro accounts were reconciled.

3.3. Key vacant posts

The finding was not addressed. The key posts for Clinical Director, Chief Medical Officer, Operations Director, Deputy Director Procurement Management and Chief Accountant have not been filled as at December 31, 2022.

3.4. Monthly inventory counts

The finding was addressed. The Hospital has weekly and monthly stock reporting systems in place to inform ordering and distribution of supplies. Inventory counts are done at this stage.

3.5. Internal Audit

The finding was not addressed. The Hospital did not have an internal audit function in 2022.

3.6. Debt Collection

The finding was partially addressed. The Hospital has submitted to Treasury through Ministry of Health and Child Care for the writing off of all irrecoverable debts.

Background Information

The United Bulawayo Hospitals is a central hospital established in terms of the Health Service Act [*Chapter 15:16*] and 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 the United Bulawayo Hospitals for the years ended December 31, 2021 and 2022 and I issued a Disclaimer of Opinion for both years with a report on going concern.

Disclaimer of Opinion 2021

I do not express an opinion on the financial statements of United Bulawayo Hospitals for the year ended December 31, 2021. 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. Existence, completeness, accuracy and valuation of property, plant and equipment

The Hospital carries its property, plant and equipment on a revaluation model and the assets were last revalued on December 31, 2014. According to International Accounting Standard (IAS) 16- “Property, plant and equipment” paragraph 31, revaluations shall be made with sufficient regularity to ensure that the carrying amounts do not differ materially from those 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 ZWL$1. 6 billion 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 International Financial Reporting Standard (IFRS) 13- “Fair value measurement”. In addition, the Hospital did not have a detailed fixed asset register as at December 31, 2021. As a result, I could not verify the completeness, accuracy, existence and valuation of property, plant and equipment amounting to ZWL$1.6 billion as at the reporting date, through alternative audit procedures.

ii. Work in progress and completed capital projects

I was not provided with the basis, inputs and methods which were used to determine the percentage completion per each work in progress project as at the reporting date. There were also no contracts and related supporting documents for most of the work in progress projects for audit verification purposes. Accordingly, I was unable to verify the existence, valuation, accuracy and completeness of the work in progress amounting to ZWL$54.9 million, as well as additions to buildings amounting to ZWL$138.3 as at 31 December 2021.

iii. Completeness of retention liabilities

I was not provided with contracts and related reconciliations for the completed projects with a total value of ZWL$138.3 million as reported in the financial statements as at December 31, 2021. I could not therefore satisfy myself as to whether the Hospital should have withheld and recognised some retention amounts for defects in respect of those completed projects. Therefore, I was not able to satisfy ourselves on the completeness of such retention liabilities through alternative audit procedures.

iv. Valuation, accuracy and existence of inventory

The Hospital conducted the stock count as at December 14, 2021. I performed roll over audit procedures from December 14, 2021 to December 31, 2021. However, I could not verify the movements in stock quantities from December 14, 2021 to December 31, 2021 due to lack of supporting documents. I was also unable to verify the inventory unit costs to supporting documents. As a result, I could not satisfy myself on the existence, valuation and accuracy of inventory amounting to ZWL$136. 2 million as reported in the current year financial statements.

v. Occurrence, completeness and accuracy of medical services revenue and trade and other receivables

Management did not avail patient files, the majority of ward admission registers as well as most of the billing rates which were used in billing patients for me to verify the accuracy, completeness and occurrence of medical services revenue amounting to ZWL$161. 7 million. In addition, for a sample of billing rates that were provided, I noted that patients were not being billed accurately per the Hospital policy. The billing errors involved were likely to be significant and fundamental to the financial statements.

Therefore, I could not satisfy myself on the completeness, accuracy and occurrence of revenue amounting to ZWL$161.7 million as well as the existence, completeness and accuracy of trade and other receivables amounting to ZWL$ 139 million as reported in the current year financial statements, through alternative audit procedures.

vi. Occurrence, completeness and accuracy of donations income

I was not able to verify the accuracy, completeness and occurrence of donations income amounting to ZWL$18. 7 million due to lack of supporting documents as well as general internal control weaknesses in the management of the donations.

vii. Accuracy, validity and completeness of deferred income

Deferred income was not being amortized in accordance with International Financial Reporting Standards (IFRS) requirements. In addition, 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 ZWL$142. 9 million as at the reporting date, in view of matters noted under property, plant and equipment items above.

viii. Completeness and accuracy of trade and other payables and expenses

The Hospital has a manual accounting system as well as a cash basis of accounting. As a result, the trial balance was not balancing by ZWL$142. 8 million and this amount was reported under trade and other payable. I could not verify this amount to supporting documents. In addition, I was not provided with supporting documents for expenses amounting to ZWL$112. 7 million. I was therefore unable to satisfy myself with regard to the completeness, validity and accuracy of expenses and trade and other payables as reported in the financial statements as at year end.

ix. Valuation of trade and other receivables

The Hospital adopted International Financial Reporting Standard (IFRS) 9- “Financial Instruments” effective July 1, 2018. The Hospital elected to apply the simplified approach and used the provisional matrix in determining the expected credit loss allowances as at year end which amounted to ZWL$116. 8 million. The Hospital did not use relevant, reasonable and supportable forward-looking information in establishing loss rates in accordance with IFRS 9- “Financial Instruments”. In addition, the Hospital did not apply different loss rates for trade and other receivables in different cycles of default based on historical payments profiles. The Hospital did not also make use of probability weighted expected credit loss on the different scenarios and appropriately segment the trade and other receivables according to the differing credit risk profiles. I was therefore unable to satisfy myself on the valuation of trade and other receivables.

Report on going concern

I draw your attention to the fact that the Hospital incurred a deficit of ZWL $366.3 million during the year ended December 31, 2021 and, as of that date, the Hospital's current liabilities exceeded its current assets by ZWL$ 47 million. These events or conditions indicate the existence of material uncertainty that may cast significant doubt on the Hospital's ability to continue as a going concern. However, my opinion is not modified in respect of this matter.

Disclaimer of Opinion 2022

I do not express an opinion on the financial statements of United Bulawayo Hospitals for the year ended December 31, 2022. 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. Existence, completeness, accuracy and valuation of Property, plant and equipment

The Hospital accounts for its property, plant and equipment using the revaluation model. The Hospital's property and equipment were last revalued on December 31, 2014. According to International Accounting Standard (IAS) 16- "Property, plant and Equipment" paragraph 31, revaluations should be carried out with sufficient regularity to ensure that the carrying amounts of property, plant and equipment do not differ materially from those which would be determined using the fair values at the end of each reporting period.

Given the significant lapse of time and the changes in the economic environment that occurred since 2014, it is likely that the carrying amount of property, plant and equipment amounting to ZWL$7 billion as at year end was materially different from that which would have been determined through a revaluation exercise in line with IAS 16- "Property, plant and equipment as well as International Financial Reporting Standard (IFRS) 13- "Fair Value Measurement". In addition, the Hospital did not have a detailed fixed asset register as at December 31, 2022 for audit purposes. As a result, I could not verify the valuation, existence, completeness and accuracy of property and equipment with a carrying amount of ZWL$7 billion as at the reporting date.

ii. Work in progress

I was unable to verify additions to work in progress amounting to ZWL$43.5 million due to lack of supporting documentation.

iii. Valuation and completeness of inventories

I was not able to verify the valuation and completeness of inventories amounting to ZWL$248. 3 million due to absence of supporting documents.

iv. Occurrence, completeness and accuracy of medical services revenue and accounts receivable

I was not availed with patient files, some billing rates as well as the charge sheets which were used as inputs for the purposes of billing patients. As a result, I could not satisfy myself on the completeness, accuracy and occurrence of revenue amounting to ZWL$1.3 billion as well as the existence of accounts receivables amounting to ZWL$855. 6 million as at year end.

v. Completeness and accuracy of accounts payables and expenses

I could not verify expenses amounting to ZWL$137.4 million as I was not provided with supporting documents for the same amount. I was therefore unable to satisfy myself on the completeness, validity and accuracy of expenses included in the financial statements. In addition, the Hospital was using a manual accounting system. As a result, the Trial Balance was not balancing by ZWL$51.6 million and this amount was reported under accounts payables as at the reporting date.

vi. Valuation of accounts receivables

The Hospital adopted International Financial Reporting Standard (IFRS) 9- “Financial Instruments” effective July 1, 2018. The Hospital elected to apply the simplified approach and used the provisional matrix in determining the expected credit loss allowances as at year end which amounted to ZWL$445.9 million. The Hospital did not use relevant, reasonable and supportable forward-looking information in establishing loss rates in accordance with IFRS 9- “Financial Instruments”. In addition, the Hospital did not apply different loss rates for trade and other receivables in different cycles or buckets of default based on historical payments profiles. The Hospital did not also make use of probability weighted expected credit loss on the different scenarios and appropriately segment the trade and other receivables according to the differing credit risk profiles. I was therefore unable to satisfy myself on the valuation of trade and other receivables.

Material uncertainty related to going concern

I draw your attention to the fact that the Hospital incurred a deficit of ZWL$ ZWL$402.4 million (2021: ZWL$1.2 billion) during the year ended December 31, 2022. This condition indicates the existence of material uncertainty that may cast significant doubt on the Hospital’s ability to continue as a going concern. However, my opinion is not modified in respect of this matter.

Below are other material issues noted during the audit;

1. GOVERNANCE ISSUES

1.1. Termination of employment for senior management

Finding

The Hospital dismissed and/or suspended some senior members of management prior to the commencement of the audit for example the Operations Director, Deputy Operations Director, the Accountant and the Principal Accountant Expenditure. There was no proper handover and takeover in the process. As a result, audit information requested was either unavailable or it took more time to be availed for audit.

Risk / Implication

Compromised service delivery.

Fraud may occur and be blamed on improper handover procedures.

Recommendation

Handover take over procedures should be properly done when employees leave the Hospital.

The existing employees should go through induction and training to capacitate them on their new roles.

Management response

Management acknowledged the findings and will ensure that there is proper handover and takeover when employees are suspended or dismissed.

1.2. Creditors management

Finding

The Hospital was not performing regular reviews and reconciliation of payables and was using a manual system and a cash basis of accounting. As a result, the trial balance was not balancing by ZWL$51. 6 million. This amount was reported under payables although I was unable to verify the balance. Some unpaid invoices amounting to USD8 079 for the year ended December 31, 2022 had not been accrued in the financial statements. This was contrary to Section 29 of the Health Services Board Manual which requires that the Hospital shall maintain an up-to-date creditor's ledger for the Hospital Services Fund and balance it off monthly.

Risk / Implication

Misstatement of financial statements.

Irregular transactions may go undetected.

Recommendation

Management should expedite the implementation of an automated accounting system.

Payable reconciliations should be prepared and reviewed monthly while amounts due to creditors should be accrued in the current accounting period.

Management response

Management has made notable progress towards the implementation of Sage Pastel system package. The system has already been loaded on new desktops that were procured to run the package.

1.3. Inventory adjustments

Finding

In terms of the Hospital's standard practice, stock adjustments are supposed to be effected by the Chief Pharmacist or any other authorised persons. However, the accounting system had not been appropriately set up and as a result all employees with access to the system were effecting stock adjustments without approval. In addition, the adjustments had no adequate supporting documents and/or rationale.

Risk/ Implication

Misappropriation of inventories.

Revenue losses through under billing of inventories.

Inaccurate information for financial reporting and management decision making purposes.

Recommendation

The access rights for stock adjustments should be limited to the Chief Pharmacists and other authorised persons.

Management response

This has since been rectified during the year 2023. The Chief Pharmacist is the only official with access rights to make adjustments in the system.

1.4. Management of property and equipment

Finding

The Hospital did not have a comprehensive asset register for the year ended December 31, 2021. This was contrary to the Health Service Board (HSB) policy section 53.3 and 54.1 which requires that, costs of the assets should be appropriately recorded in the general ledger and the asset register. As a result, I could not verify the completeness, accuracy, existence and valuation of the fixed assets amounting to ZWL $1. 6 billion and additions of ZWL$138. 3 million as at the reporting date.

Risk / Implication

Misappropriation of assets.

Misstatement of financial statements.

Recommendation

Management should maintain a comprehensive asset register to enhance proper accountability of assets.

Management response

Management has tasked the Operations and Finance departments to draw up a comprehensive Fixed Assets register for the Hospital. The implementation of International Public Sector Accounting (IPSAS) will also assist as accounting of assets has been prioritised.

2. REVENUE COLLECTION AND DEBT RECOVERY

2.2. Patient billing rates

Finding

Internal controls over billing were weak in that I was not availed with adequate information with regards to tariff charts that were being applied when billing patients. I was therefore unable to verify the appropriateness of some of the fees that were pegged in USD that were being billed at a rate of 1:1 to Zimbabwe Dollars. In addition, 98% of the patients' files that I examined did not have charge sheets contrary to Section 13(1) b of the Health Services Board Manual which requires cashiers to make use of the approved tariff chart when billing patients.

Risk / Implication

Irregular charges to patients.

Revenue losses may occur and go undetected.

Recommendation

The Hospital should make use of tariff charts when billing patients.

The Hospital should strengthen its internal controls in order to enable them to identify irregular transactions.

Exchange rates should be communicated to staff to enable staff to receipt appropriately.

Management response

Due to Covid 19 restrictions, few individuals who were allowed to be on duty were forced to knock off early due to tight Public Service Transport Timetable thereby making it difficult to find sufficient time for review processes to be done. Subsequent to year end patients charts and AFOZ records are being filed in a systematically and logical manner. Management is also reviewing bills to ensure accuracy.

2.3. Training of Accounting staff

Finding

The Officers in the Finance department were not trained to enable them to apply the application of IFRS 9- "Financial Instruments". The Hospital elected to use the Simplified Modified Approach in the computation of expected credit losses ("ECL") on accounts receivables as provided for in International Financial Reporting Standards (IFRS) 9- "Financial Instruments". As a result, during the year under review, the Hospital did not avail computations for the expected credit losses which complies with IFRS 9- "Financial Instruments", in line with the approach that they had elected due to lack of expertise.

Risk / Implication

Misstatement of financial statements.

Recommendation

The Hospital should consider capacitating staff in the accounts department in order to enhance their technical expertise.

Management response

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- "Financial Instruments" as this can only be made possible by the use of an accounting package. Training will also be done during the course of the year 2024.

3. PROCUREMENT OF GOODS AND SERVICES

3.1. Payments without supporting documents

Finding

The Hospital's procurement processes were not being complied with as I was not availed with source documents for transactions worth ZWL$137.4 million. The supporting documents were in respect of items that included medical equipment ZWL$27 million, fuels ZWL$16 million, institutional provisions ZWL$1.2 million, utilities ZWL$1.3 million and others.

Risk / Implication

Misstatement of financial statements.

Irregularities purchases may compromise service delivery as they may not be detected on time.

Recommendation

All purchases should be adequately supported and should be filed in a manner that facilitate easy retrieval as and when required.

Management response

Due to Covid 19 restrictions, few individuals who were allowed to be on duty were forced to knock off early due to tight Public Service Transport Timetable, thereby making it difficult to find sufficient time to do proper filling.

3.2. Performance security

Finding

The Hospital has not been requesting for performance security bond on all major projects due to oversight. For instance, the Hospital engaged a supplier in September 2020 on the water reticulation project with a contract value amounting to ZWL$16 million and proof of performance bond was not availed. This was contrary to Section 56 of the Public Procurement and Disposal of Public Assets Act [*Chapter 22:23*] which requires that a procuring entities may require the successful bidder, before signing the procurement contract, to provide a performance security, provided that any such requirement shall be stated in the bidding documents and the procurement contract.

However, the contractor was not executing the project as agreed to the extent that management were considering a cancellation of the contract, although the Hospital had already paid ZWL$4.1million.

Risk / Implication

Financial loss due to payment for services not rendered.

Recommendation

Management to consider enforcing the performance security provision as per the Public Procurement and Disposal of Public Assets Act [*Chapter 22:23*].

Management response

Most companies had no capacity to pay the performance bond security due to the negative effects of the Covid 19 pandemic. Going forward management will ensure that the security bond are put in place for various contracts and projects.

3.3. Fix and supply of equipment

Finding

The Hospital paid ZWL$15.4 million to a supplier without a payment certificate which was a requirement in terms of Section 32.1 of the General Conditions of Contract for Non-Complex works. The contract requires that payments shall be made promptly by the Procurement Entity after issue of a payment certificate by the Project Manager from Public Works Department. In addition, several other contractors were also paid by the Hospital without payment certificates during the year under audit amounting to ZWL$17.02 million.

Risk / Implication

The Hospital may be exposed to procurement irregularities.

Recommendation

Management should ensure that contractors are paid based on the agreed terms of contracts and all payment made should be supported by payment certificates.

Management response

The contracting Company purchased and delivered the cables for electrical reticulation in advance to guard against currency fluctuation which was now being experienced in the economy. Given the magnitude of the project the value of the project in Zimbabwe Dollar terms would have ballooned if the Contractor had not made this decision. Management will ensure that such decisions are appropriately approved and ratified for compliance with the Procurement Regulations.

Wynands , Micheken and Blovtec are all work in progress and management will ensure that payments are made after progress certificates have been issued going forward. Management takes note of the omission and will ensure that payments are done based on appropriate supporting documents.

4. MANAGEMENT OF ASSETS

4.1. Inventory returns

Finding

The internal controls over goods returns were not adequate. As a result, I was not availed with supporting documentation for goods returned to suppliers worth ZWL$1.2 million. Management did not provide satisfactory explanation for the deficiency in the internal control environment. This was contrary to Section 46.1 of the Health Services Board policy which requires that if goods are returned to suppliers, an issue voucher should be generated detailing the reason for the return and stores must retain a copy of the issue voucher on file.

Risk / Implication

Financial loss due to misappropriation of inventory.

Recommendation

Management should keep proper records pertaining to inventory items returned to suppliers at all times.

Management response

Management will ensure availability of adequate documentation to support transactions for goods returned to suppliers.

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

The Hospital did not make any progress in addressing audit findings that I raised in my 2021 and 2022 annual reports. I raised eleven (11) audit findings in the 2022 annual report and followed up on four (4) findings I raised in my 2021 report and before. Two (2) findings were addressed and thirteen (13) were not addressed as indicated below;

5.1. The Hospital's Board of Management

The finding was not addressed. The Hospital did not have a substantive Board of Management as at December 31, 2022.

5.2. Monitoring of internal controls

The finding was not addressed. The Hospital had no internal audit and an Audit Risk Committee was not put in place since there was no Board.

5.3. Substantive senior management positions

The finding was addressed. The Chief Executive Officer was appointed in January 2023.

5.4. Recording of Government of Zimbabwe (GOZ) funding

The finding was not addressed. The Hospital was not recording Government of Zimbabwe funding and this will be resolved in 2023.

5.5. Information Communication Technology department

The finding was not addressed. Management have not put in place the Information Communication Technology department.

5.6. Stock management

The finding was not addressed. The Hospital was not maintaining physical stock registers in 2022 and promised to implement the recommendation.

5.7. Valuation of Inventory at year end

The finding was not addressed. The Hospital was not capturing in Trimed system as inventory was being procured and promised to address it in 2023.

5.8. Custody of assets and impairment of assets

The finding was not addressed. A system will be put in place to periodically check condemned assets waiting for disposal.

5.9. Revenue completeness, accuracy, cutoff and occurrence

The finding was not addressed. Completeness accuracy, cutoff and occurrence of revenue was still an issue and management intend to address this from 2024.

5.10. Provision for expected credit losses

The finding was not addressed. The Hospital did not comply with IFRS 9 and efforts are underway to clean up the debtor's book by transferring the old balances to one account. Training to improve the staff skills on IFRS 9 will also be carried out going forward.

5.11. Donation receiving register

The finding was not addressed. Donations continued to be received and some donated items could not be traced to the donations register in 2022.

5.12. Alignment of accounting processes to new developments

The finding was not addressed. The Hospital was not seeking quotations even in 2021 and indicated that they will be able to seek quotations from 2023.

5.13. Doctors' accommodation

The finding was not addressed. The Hospital has not yet constructed adequate staff accommodation. Plans are underway to build a fifty-two (52) bedroom flat using the plan that was used at another sister hospital. The construction will be part of the 2024 budget.

5.14. Brain drain

The finding was not addressed. There is still high staff turnover hence brain drain has not been resolved.

5.15. Procurement procedures

The finding was addressed. The Hospital is now withholding tax for suppliers without tax clearance.

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, 2022 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, the financial position of Bindura University of Science Education 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. Non-compliance with International Financial Reporting Standard (IFRS) 13- "Fair Value Measurement".

The University engaged an external valuer to value its property, plant and equipment with a carrying amount of ZWL$ 60.5 billion (2021: ZWL$ 734.8 million). The valuations were performed in ZWL$ using ZWL$ denominated inputs. The assumptions on capitalisation rates, rentals and market prices applied were not supported by observable ZWL$ market data as rentals and market prices were generally linked to USD values. Consequently, I was unable to obtain sufficient appropriate evidence to support the appropriateness of the valuation in ZWL$ of property, plant and equipment. I could not quantify the extent of the adjustments necessary on the revaluation reserve and property, plant and equipment.

ii. Non-compliance with International Financial Reporting Standard (IFRS) 10- "Consolidated Financial Statements''.

The University did not consolidate the financial statements of its subsidiary, Bindura University Printing Press (Private) Limited. The University accounted for the investment at net asset value in the financial statements. In terms of the International Financial Reporting Standard 10 - "Consolidated Financial Statements'' the subsidiary should have been consolidated because it is controlled by the University. Had the University consolidated its subsidiary, Bindura University Printing Press (Private) Limited, the financial statements could have been materially different.

Below are other material issues noted during the audit;

1. GOVERNANCE ISSUES

1.1 Bank accounts

Finding

The University's internal control processes were weak in that the University had no access to one of its bank accounts because some of the signatories had resigned from the University. In addition, the University had 28 bank accounts which had little to no activity. The finance department was not adequately resourced to monitor and reconcile these bank accounts. As a result, there was no evidence of timeous preparation of bank reconciliations resulting in numerous journals being processed.

Risk / Implication

The accounts may be used to commit fraudulent activities resulting in financial losses.

Irregular transactions might go undetected.

Recommendation

Management should expedite the change of signatories so that they may have access to the account.

Management response

There have been significant engagements with the bank to try and close this account. Registered signatories resigned from university employment, and we are engaging other authorities on how to proceed with the matter. The bank balances have not changed over the last 2 years though. The filling of vacancies in the Finance Department has helped ensure tightening of the control environment. In addition, the increase in activity across the University means all bank accounts will have a higher number of transactions.

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

The University made progress in addressing audit findings raised in my 2022 annual report. I raised two (2) audit findings and they were all addressed as indicated below;

2.1 Use of staff bank accounts

The finding was addressed. An addendum was put in place which allowed the University to transact using its own bank account.

2.2 Debtors reconciliations

The finding was addressed. The debtors' reconciliations are now being done.

Background Information

The University was established in terms of the Chinhoyi University of Technology Act [*Chapter 25:23].* The main objectives of the University include the advancement of knowledge and the development and practice of design and technology. The University also run a Hotel and Farm under Trust Deeds.

I have audited the consolidated financial statements of Chinhoyi University of Technology for the year ended December 31, 2022 and I have 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 consolidated financial statements present fairly, in all material respects, the financial position of Chinhoyi University of Technology and its subsidiaries as at December 31, 2022, and its consolidated financial performance and consolidated 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”

During the year the University translated transactions and balances in USD and other currencies to the presentation currency ZWL$ at applicable interbank rate. However, the translation did not meet the spot rate determination as per the requirements of International Accounting Standard (IAS) 21- “The Effects of Changes in Foreign Exchange Rates”. The impact of the difference if any, of the exchange rate used by the University on translation and conversion and the spot rate as per IAS 21- “The Effects of Changes in Foreign Exchange Rates” has not been quantified and therefore not adjusted for.

ii. Non-compliance with International Financial Reporting Standards (IFRS) 11 - “Joint Venture Arrangements”

The financial information of the University joint arrangement with a business partner for farming activities for the year ended December 31, 2022 were not available hence the financial statements have been prepared without incorporating the joint venture results. No alternative procedures could be performed to determine the financial impact of the joint venture, if any, to be accounted for.

iii. Non – compliance with International Financial Reporting Standard (IFRS) 13 - “Fair Value Measurements”

Opening balances

The University performed a revaluation of property, plant and equipment in the prior year. The valuations were determined in USD and translated to ZWL$ using the interbank rate. The translated amounts had not met the fair value determination criteria in line with the requirements of International Financial Reporting Standard (IFRS) 13 – “Fair Value Measurements” paragraph 9 which requires that a fair value be determined using the assumption that market participants would use when pricing the asset, assuming market participants act in their economic best interest and the fair value should reflect the price that would be received to sell the asset in an orderly transaction in the principal market, regardless of whether the price is directly observable or estimated using another valuation technique. The valuation of the comparative property, plant and equipment has not been adjusted for the effect of this, if any, as well as the carry over effect in the current year's property, plant and equipment valuation.

Below are other material issues noted during the audit;

1. GOVERNANCE ISSUES

1.1. Accounting for the Joint arrangement

Finding

I was not availed with records and audited financial statements for the arrangement the University had with the other business partner for farming activities during the year under review. As a result, the financial statement of this joint arrangement were not accounted for in the accounts of the University in line with International Financial Reporting Standards (IFRSs).

Risk / Implication

Misstatements of the financial statements.

Recommendation

The University should obtain the agreement for joint arrangement to ensure the terms and conditions of the agreement are known and are complied with.

The University financial statements should incorporate the accounting of the joint arrangement activities in compliance with the accounting standards.

Management response

The matter is noted. The observation will be considered.

1.2. Suspense Account

Finding

The University was not performing reconciliations to clear unclassified deposits. As a result, the University had an amount of ZWL $32.7 million that was not cleared at year end.

Risk / Implication

Debt figures may be distorted by deposits not yet receipted.

Recommendation

The University should investigate and clear all outstanding deposits.

Management response

We note the observation. The unclassified deposits are now being reconciled on a monthly basis.

2. MANAGEMENT OF ASSETS

2.1. Asset register

Finding

The University's internal controls over asset management were not adequate during the year under review. As a result, the asset register was not regularly updated and reviewed. For instance, depreciation rates and useful lives of assets were not recorded in the asset register. The asset register also included items which were supposed to be expensed on purchase. There were also computers and a tobacco barn that were not in good condition and needed to be tested for impairment.

Risk / Implication

Misappropriation of assets.

Recommendation

Asset register should be updated regularly.

Management response

The one percent (1%) of cost residual value principal will be implemented and the balance spread evenly over the estimated useful life of the asset (ZFRM). Effective supervision will be enhanced to ensure correct postings into the asset ledger accounts. Asset's evaluation will be done periodically and realigned with the current and the new provisions of IPSAS reporting framework.

3. REVENUE COLLECTION AND DEBT RECOVERY

3.1 Accounting system configuration

Finding

The accounting system was not configured to provide a listing of students with balances which constituted deferred income amounting to ZWL $ 8.24 million that was paid by students for consumption of food. In addition, no monthly reconciliations were prepared on these advances / deposits.

Risk / Implication

Financial statements may be misstated.

Recommendation

The system should be configured to provide a listing of balances paid by students and staff into their account and not utilised on a monthly basis.

The University as a month end procedure should perform reconciliation on the account.

Management response

The amount paid by students initially sit in the deferred income ledger and is transferred as the students consume the meals. Accounts statements (reports) will be added into the application.

Background Information

Chinhoyi University of Technology Hotel Trust is owned by the University and was established in terms of the Deed of Trust number MA337/2007. The purpose of the Hotel is to advance the provision of knowledge through hands on learning for students from the School of Hospitality and Tourism, with some commercial activities.

I have audited the financial statements of Chinhoyi University of Technology Hotel Trust for the year ended December 31, 2022 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 Chinhoyi University of Technology Hotel Trust 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

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

The University's Hotel Trust translated transactions and balances in USD and other currencies to ZWL$ using the prevailing interbank exchange rate during the year ended December 31, 2022. The translation did not meet the spot rate determination requirement of International Accounting Standard (IAS) 21 – "The Effects of Changes in Foreign Exchange Rates." The impact of the difference if any, of the exchange rate used by the Hotel on translation and conversion and the spot rate as per International Financial Reporting Standards, has not been quantified and therefore not adjusted for.

Below are other material issues noted during the audit:

1. MANAGEMENT OF ASSETS

1.1 Assets register

Finding

The Hotel Trust did not review the useful lives and residual values of its assets in line with paragraph 51 of International Accounting Standard (IAS) 16 – "Property, plant and equipment" which requires residual values and useful lives of an asset to be reviewed at each financial year end. As a result, the Hotel Trust had equipment and vehicles which had nil values but were still in use.

Risk / Implication

Property, plant and equipment may be misstated.

Recommendation

Asset register should be regularly updated to include essential information.

The Hotel Trust should review the residual values and useful lives of the assets annually in line with International Accounting Standards and this process to be included as part of the Hotel's year end procedures.

Management response

Management concurs with the audit findings. Management will do a revaluation exercise on the assets.

Background Information

Great Zimbabwe University, is an institution of higher learning established in terms of the Great Zimbabwe 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 Great Zimbabwe University for the year ended December 31, 2022 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 Great Zimbabwe University 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

Non-compliance with International Accounting Standard (IAS) 20 – "Accounting for Government Grants and Disclosure of Government Assistance".

The University's accounting policy was not aligned to the requirements of IAS 20– "Accounting for Government Grants and Disclosure of Government Assistance" which requires grants related to depreciable assets to be recognised in the statement of profit or loss and other comprehensive income in the proportions in which depreciation expense on those assets is recognised. Instead the University recognised capital grants received of ZWL$1 billion (2021: ZWL$1.5 billion) as income in the statement of profit or loss and other comprehensive income.

In addition, IAS 20– "Accounting for Government Grants and Disclosure of Government Assistance" requires grants related to assets to be presented in the statement of financial position either by setting up the grant as deferred income or by deducting the grant in arriving at the carrying amount of the asset. I was not able to retrospectively quantify what the deferred income would have been as at December 31, 2022.

Below are other material issues noted during the audit;

1. GOVERNANCE ISSUES

1.1 Translation of foreign denominated transactions

Finding

There was no evidence that the exchange rates were regularly updated and reviewed in the accounting system. As a result, inconsistencies were noted on the exchange rates applied on translating balances in various nostro bank accounts at year end.

Risk / Implication

Errors and omissions may not be detected.

Recommendation

The University should apply the appropriate spot exchange rate and the accounting system should be regularly updated.

Management response

Noted. These are generated automatically by the system during the reconciliation process. However, management will in future check and adjust the balances in order to reflect the actual rate to be applied to convert the foreign currency denominated accounts into local currency. This will be implemented immediately.

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

The University made progress in addressing audit findings raised in my 2022 annual report. I raised four (4) audit findings, one (1) was addressed and three (3) were partially addressed as indicated below;

2.1. Bank reconciliations

The finding was addressed. The bank reconciliations are now being prepared monthly.

2.2. Tax on business activities

The finding was partially addressed. The University management has engaged ZIMRA to facilitate the process of registration. All the relevant documentation has since been submitted to ZIMRA for registration.

2.3. Student accounts

The finding was partially addressed**.** The credit balances will be cleared on an ongoing basis.

2.4. Purchase of motor vehicle

The finding was partially addressed. The University will avoid possible breaches of the procurement regulations in future.

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, 2022 and 2023 and I issued a Qualified Opinion for 2022 and an unmodified / clean opinion for 2023.

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 Gwanda State University as at December 31, 2022 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, 2022 includes property, plant and equipment with a carrying amount of ZWL$ 4.7 billion (2021: ZW$ 948.5 million) arising from a revaluation exercise conducted as at May 31, 2022. The valuer performed the asset revaluation in USD and management subsequently determined ZWL$ equivalent fair values by translating those USD valuations using the interbank rate as at May 31, 2022 for financial reporting purposes.

The translated ZWL$ did not meet the requirements of International Financial Reporting Standard (IFRS) 13 - "Fair value measurement" paragraph 2 which 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. In the current environment, it is not likely that the ZWL$ price derived from translating the USD value at the auction exchange rate would be the price at which a ZWL$ denominated transaction would occur. I was not able to determine the extent of misstatement and therefore potential adjustments that may be necessary to correctly account for these amounts.

Opinion 2023

In my opinion, the financial statements present fairly, in all material respects, the financial position of Gwanda State University as at December 31, 2023 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. REVENUE COLLECTION AND DEBT RECOVERY

1.1. Dining Hall and Kiosk sales

Finding

The controls over recording of dining hall and kiosk sales were weak. The sales were manually recorded in a counter book and the reconciliations with the actual cash received were not being done on a daily basis.

Risk / Implication

Errors and omissions may go undetected.

Recommendation

The University should come up with a robust control system to ensure accurate recording and reconciliation of sales.

Management response

Noted. The recommendations will be implemented.

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

The University made progress in addressing audit findings that I raised in my 2021 and 2022 annual report.I raised seven (7) audit findings in my 2022 annual report and followed up on one (1) finding I raised in my 2021 annual report. Four (4) findings were addressed and four (4) findings have not been addressed as indicated below;

2.1. Valuation of assets

The finding was addressed. The asset revaluation was carried out in ZWL$ in 2023.

2.2. Asset register

The finding was addressed. All the mentioned assets in the prior audit had been properly recorded in the fixed asset register and no other exceptions were noted.

2.3. Existence of biological assets

The finding was not addressed. The University did not maintain a comprehensive register with the required information on biological assets.

2.4. Accuracy of payables

The finding was not addressed. No reconciliations were performed between supplier's statements and the balances as per the aged payables analysis in the period under review.

2.5. Completeness, accuracy and occurrence of fees income

The finding was addressed. The University provided auditors with the fees database.

2.6. Occurrence and accuracy of expenditure

The finding was not addressed. There were some expenses included in the amount of ZWL$ 8.1 million relating to academic and administration expenses that could not be vouched as management could not provide supporting documents.

2.7. Alignment with International Financial Reporting Standards (IFRSs)

The finding was addressed. Foreign currency transactions were correctly translated using the interbank rates.

2.8. Supporting documentation

The finding was not addressed. The University failed to provide supporting documentation for Fundraising income (Camping Fees) amounting to ZWL$26.6 million as well as documentation for valuation of inventory.

Background Information

Harare Institute of Technology 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 development.

I have audited the financial statements of Harare Institute of Technology 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 Harare Institute of Technology 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. Trade and other payables reconciliation

Finding

The Institute's controls over payables were not effective. Payables amounting to ZWL$72.2 million were not reconciled in 2022 including rates, salaries, levies, and other sundry creditors.

Risk / Implication

Fraud and error might go undetected.

Recommendation

Management should reconcile their payables as part of their supervisory role.

Management response

Observation acknowledged. Priority for reconciliations is being given to reconciliation of regular and high value payables. Effort will be made to cover as many payable accounts as possible.

2. REVENUE COLLECTION AND DEBT RECOVERY

2.1. Unclassified deposits

Finding

There was no integrated payment gateway option to allow students to pay for their fees to the Institute. As a result, the Institute received a total of ZWL$10.8 million in deposits that were not receipted and allocated to any student as at December 31, 2022 due to insufficient payment details. In addition, receipts amounting to ZWL$ 101 500 (2021: ZWL$ 4.98 million) could not be traced to the students' register. I was unable to establish the basis of classifying the ZWL$ 2.5 million under deferred student direct revenue.

Risk / Implication

Misappropriation of funds.

Recommendation

Management should ensure that long outstanding student receipts are reconciled and realised as revenue when appropriate.

Management should expedite the establishment of an integrated payment gateway for its students.

Management response

We agree with the recommendation and we will implement it.

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

The Institute made progress in addressing audit findings raised in my 2020, 2021 and 2022 annual reports. I raised two (2) findings in my 2022 annual report and followed up on three (3) findings which were outstanding in my 2020 and 2021 annual reports. Two (2) findings were addressed, two (2) findings were partially addressed and one (1) was not addressed as indicated below;

3.1. Completeness of projects revenue

The finding was addressed**.** Management and ZUPCO agreed that ZUPCO will be paying Harare Institute of Technology its share depending on the number of units that would have been deployed and functioning.

3.2. Students caution fees

The finding was not addressed**.** Management is developing a policy on caution fees that has not been collected for a period of time. Students have been notified through a notice to claim the caution fees.

3.3. ZUPCO Revenue

The finding was addressed. Management and ZUPCO agreed that ZUPCO will be paying Harare Institute of Technology its share depending on the number of units that would have been deployed and functioning.

3.4. Tax on allowances

The finding was partially addressed. The Management indicated that they will voluntarily disclose to ZIMRA and remit the PAYE arising from those allowances.

3.5. Internal audit

The finding was partially addressed. The Institute recruited internal audit clerks, but the post of Chief Internal Auditor remained vacant.

Background Information

The Lupane State University was established in terms of the 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, 2022 and I issued a Disclaimer of Opinion.

Disclaimer of Opinion

I do not express an opinion on the financial statements of the 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. Occurrence, accuracy and completeness of revenue

Academic fees comprise a significant part of income generated by the University from its operations. Academic fees are billed each semester for all students using class attendance registers. I was not provided with all the supporting documents for the academic fees income recognised. The University could not provide a listing of students who wrote examination for assessment of whether all the billed students wrote examination in the relevant semester in order to determine the completeness and accuracy of academic fees recognised in the period.

The University could not provide accurate and complete student statistics to evaluate recalculation of academic fees using numbers of active students and the authorised tuition fees for each program per semester, to assess if the academic fees income amount of ZWL$ 2.4 billion presented in the financial statements was accurate. I was unable to perform alternative audit procedures to satisfy myself on the completeness, accuracy and occurrence of academic fees income amount during the audit.

ii. Accuracy and existence of trade receivables

I was unable to obtain sufficient appropriate audit evidence to support the completeness, accuracy, and existence of student receivables amounting to ZWL$61.4 million, included in the trade receivables balance disclosed in the statement of financial position. In the absence of sufficient audit evidence, the University's records did not permit the application of alternative procedures and therefore no assurance could be obtained that the student receivables had actually existed and were accurately recorded. Furthermore, I was unable to assess the reasonableness of expected credit losses on student receivables. This limitation has pervasive implications for the overall reliability of the financial statements as trade receivables represent a significant portion of the University's assets.

iii. Valuation of Property, plant and equipment

The statement of financial position as at December 31, 2022 included Property, plant and equipment amounting to ZWL$70.5 billion (2021: ZWL$13.2 billion) arising from a revaluation exercise conducted as at December 31, 2021. The revaluation was performed in USD and translated to ZWL$ using the Reserve Bank of Zimbabwe (RBZ) interbank rate for financial reporting purposes. This did not meet the fair value criteria as provided for in International Financial Reporting Standard (IFRS) 13- "Fair Value Measurement". International Financial

Reporting Standard (IFRS) 13, paragraph 2 defines fair value as a 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. I was, however unable to determine the extent of misstatement and adjustments necessary to correctly account for these amounts.

Below are other material issues noted during the audit;

1. GOVERNANCE ISSUES

1.1 Lease agreements

Finding

The University did not have lease agreements on the buildings leased to the University by a commercial bank. This was attributable to inadequate due diligence and maintenance of the University filing system.

Risk / Implication

In case of disputes, there might be no be legal recourse.

Recommendation

Management should regularise lease agreements.

Management response

Leases for bank Properties, their Properties Manager assumed duty on May 22, 2023 and was engaged to ensure that lease agreements are signed. The lease agreement would be signed by July 31, 2023.

1.2 Valuation of Property, plant and equipment

Finding

The statement of financial position as at December 31, 2022 includes Property plant, and equipment with revalued amounts of ZWL$36.6 billion, (2021: ZWL$13.2 billion) arising from a revaluation exercise conducted as at December 31, 2021. This did not meet the fair value criteria as provided for in International Financial Reporting Standard (IFRS) 13- “Fair Value Measurement”. International Financial Reporting Standard (IFRS) 13, paragraph 2 defines fair value as a 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.

Risk / Implication

Misstatement of Property, plant and equipment.

Recommendation

The University should perform their revaluation in line with IFRS 13.

Management response

The observation has been noted. The University had engaged an organisation to revalue its assets and will review the process. The University will engage experts in various asset categories during the asset revaluation process through the PMU. The revaluation will be in line with accounting policy.

2. PROCUREMENT OF GOODS AND SERVICES

2.1 Advance payments

Finding

The University made advance payment amounting to ZWL$22.6 million to a supplier for the purchase of heifers in May 2022. However, the heifers had not been delivered as at December 31, 2022.

Risk / Implication

Potential loss due to non- delivery of the heifers.

Recommendation

The University should follow up on the deliveries of the outstanding heifers.

Management response

Due to the inflationary economic environment prepayments were made to lock value. The supplier to date delivered 18 heifers and our lawyer has been engaged to assist with the delivery of the remaining heifers.

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

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

3.1 Staff turnover

The finding was not addressed. Seven staff members in the Bursar’s department resigned between December 2022 and April 2023 including those that were engaged in 2022.

3.2 Mopane system

The finding was addressed. Four (4) graduate trainees have been appointed to assist in improving the Mopane System.

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 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, 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 Management Training Bureau 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

Non-compliance with International Financial Reporting Standard (IFRS) 13 - "Fair value measurement"

The Bureau revalued its property, plant and equipment to ZWL$ 3.1 billion for the year ended December 31, 2022. The property, plant and equipment valuations were determined in United States Dollar(USD) and translated to ZWL$ using the interbank rate as at December 31, 2022. The translated ZWL$ fair values did not meet the requirements of International Financial Reporting Standard (IFRS) 13- "Fair value measurement" as this did not meet the assumptions that market participants would apply in valuing items of property, plant and equipment in ZWL$. I was therefore unable to determine whether revalued amounts effected on carrying amounts of property, plant and equipment and the revaluation surplus were appropriate and reasonable.

Below are other material issues noted during the audit;

1. GOVERNANCE ISSUES

1.1 Trade payables

Finding

The Bureau had long outstanding payables amounting to ZWL$19.5 million which were exceeding 180 days as at December 31, 2022. In addition, the Bureau was not preparing creditors' reconciliations as required by the Accounting Policy and Procedures Manual. As a result, there were payables with debit balances suggesting that invoices may not have been posted or payments were made in advance for goods or services which were never received.

Risk / Implication

Financial loss due to overpayments to suppliers that may not be timeously detected.

Loss of supplier goodwill due to non-payment of their accounts timeously.

Recommendation

Creditors should be paid within reasonable time and reconciliations be performed on a regular basis.

Management response

MTB operates with payables. However, its business is cyclical, it follows some patterns of boom and depression seasons. MTB is also grant funded to augment its revenue generation. In the end all payables are cleared.

MTB encourages its clients to pay in advance before a service. Our invoices are charged per person per day for conferences. Thus, many clients add or reduce number of days or persons attending conferences which creates either an over payment of shortfall to the advance payment processed on booking.

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

The Bureau made progress in addressing audit findings raised in my 2022 annual report. I raised one (1) audit finding and the finding was addressed as indicated below;

2.1 Bank reconciliation

The finding was addressed. Bank reconciliation are now being performed at the end of each month.

Background Information

Manicaland State University was established in terms of the 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 Sciences 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 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 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 Effects of Changes in Foreign Exchange Rates"

During the current and prior financial years, the foreign currency denominated transactions and balances of the University were translated into ZWL$ using the interbank exchange rates/foreign currency auction rates which were not appropriate spot rates for translations as required by International Accounting Standard (IAS) 21- "The Effects of Changes in Foreign Exchange Rates". Had the University'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 different. The effects of the non-compliance with the requirements of IAS 21- "The Effects of Changes in Foreign Exchange Rates", had been considered to be material and pervasive to the financial statements as a whole.

The University had applied International Accounting Standard (IAS) 29- "Financial Reporting in Hyperinflation Economies" on prior and current year's information which was not in compliance with IAS 21- "The Effects of Changes in Foreign Exchange Rates". Had correct base numbers been used, most of the elements in the financial statements would have been materially different and the impact of the departure from the requirements of these standards is considered material and pervasive to the financial statements.

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

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

The University did not make progress in addressing the audit finding raised in my 2022 annual report as indicated below;

1.1 Internal audit

The finding was not addressed. The Internal audit function failed to retain staff as all recruited staff subsequently resigned.

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 year ended December 31, 2023, and I issued an unmodified / clean opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Marondera University of Agricultural Sciences and Technology as at December 31, 2023 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. Policies and procedure manuals

Finding

The University had no policies such as Risk management policy and Disaster recovery plan policy during the year ended December 31, 2023. This was contrary to section 44 (1) (a) of the Public Finance Management Act [*Chapter 22:19*] which requires public entities to establish and maintain effective, efficient and transparent systems of financial, risk management and internal controls.

Risk / Implication

Financial loss due to policy inconsistencies.

Risk management may be compromised.

Recommendation

The University should develop and regularise all the policies and procedures documented to provide guidelines on its operations.

Management response

The University is in the process of developing policies including the Risk management policy and Disaster recovery plan policy.

1.2. Tax Clearance Certificates

Finding

I was not availed with evidence confirming that three (3) suppliers had valid tax clearance certificates. As a result, the University had not withheld 30% withholding tax on payments made during the year. This was contrary to section 80 of the Income Tax Act [*Chapter 23:06*] which requires withholding and remitting of tax on suppliers without valid tax.

Risk / Implication

Penalties and interest charges may be imposed by the tax Authority.

Recommendation

The University should withhold and remit tax on payments to suppliers without valid tax clearance certificates.

Management response

Corrective action has been taken and the University will introduce pre- qualification of suppliers. Only suppliers with valid statutory documents will be engaged.

2. EMPLOYMENT ISSUES

2.1. Employee files

Finding

The University's internal controls over records management were inadequate. For instance, some employee files were not updated and important documents such as contracts of employment, performance appraisals and academic certificates were not on file.

Risk / Implication

Decision making may be compromised due to absence of pertinent documents in the employee files.

Recommendation

The University should enhance its controls on record management.

Performance appraisals should be done and evidence of the appraisals filed in employee files.

Management response

Noted. The University will ensure that all pertinent documents are on file.

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

The University made progress in addressing audit findings raised in my 2022 annual report. I raised two (2) audit findings in my 2022 annual report and I followed up on one (1) finding outstanding in my 2021 annual report. All the findings were addressed as indicated below;

3.1. Manual accounting of transactions

The finding was addressed. The University is now recording and accounting for its transactions using an accounting system (PASTEL Evolution).

3.2. Pastel accounting software utilization

The finding was addressed. The Pastel system started to operate as from 2022 and the 2022 accounts were prepared using the software.

3.3. Supporting documentation

The finding was addressed. The missing documents were located and filed. The system of internal control has been strengthened and supporting documents are filed intact.

Background Information

Midlands State University was 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 year ended December 31, 2023 and I issued an unmodified / clean opinion.

Opinion

In my opinion, the financial statements present fairly, the statement of financial position of Midlands State University as at December 31, 2023, 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 Former employee

Finding

The University's internal controls over payroll were weak in that the University did not detect on time payment that was made to an employee who had since left the University.

Risk / Implication

Financial losses due to payment for services not rendered.

Recommendation

The University should strengthen its termination and payroll processes.

Management response

The overpayment to the employee will be recovered from the pension benefits.

1.2 Taxable benefits

Finding

The University had not disclosed all the taxable benefits paid to non-executive directors such as wear and tear, travel and subsistence allowance, tollgates fees and the full amount of data paid to non-executive directors in the submission of the returns.

Risk / Implication

Financial loss due to penalties and interests.

Recommendation

The University should comply with the tax regulations.

Management response

Noted, the amended returns will be submitted to ZIMRA with the corresponding payment.

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

The University made progress in addressing audit findings raised in my 2022 annual report. I raised eight (2) audit findings and the two (2) were addressed as indicated below;

2.1 Policies and procedures manual

The finding was addressed. The standard operating procedures manual was updated and approved by January 2024.

2.2 Taxation of allowances

The finding was addressed. Airtime and data allowances for employees are now processed through payroll.

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 to advance knowledge with a special bias towards the diffusion and extension of science and technology through teaching, research and learning and, to nurture the intellectual, aesthetic, social and moral growth of the students of the University.

I have audited the financial statements of National University of Science and Technology for the year ended December 31, 2022 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 National University of Science and Technology 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. Non-compliance with International Accounting Standard (IAS) 21- "Effects of Changes in Foreign Exchange Rates"

During the year, the University traded in Zimbabwe Dollars and some transactions and balances were in foreign currency. The foreign currency transactions and balances were translated using the respective spot rates as determined by the auction rate. The auction rate was not in compliance with IAS 21- "Effects of Changes in Foreign Exchange Rates" as it was not the exchange rates for immediate delivery. The use of alternative market rates was not compliant with the law and as a result the University had not attempted to estimate rates that may have fairly reflected the results and state of these transactions and balances in compliance with IAS 21- "Effects of Changes in Foreign Exchange Rates".

The University applied International Accounting Standard (IAS) 29 - "Financial Reporting in Hyperinflationary Economies". However, its application was based on financial information which was not in compliance with IAS 21- "Effects of Changes in Foreign Exchange Rates". Consequently, the line item monetary gain presented in the statement of profit or loss and other comprehensive income was affected. The effects of non-compliance with IAS 21- "Effects of Changes in Foreign Exchange Rates" was considered material but not pervasive to the financial statements.

ii. Valuation of motor vehicles

In the current year a valuation exercise on motor vehicles was undertaken by a valuation expert in USD and the value was translated at the interbank rate to ZWL$ for financial reporting purposes. The University translated the USD values to ZWL$ using the interbank exchange rate contrary to the requirements of International Financial Reporting Standard (IFRS) 13 - "Fair value measurement" paragraph 2 which 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. In the current environment, it is not likely that the ZWL$ price derived from translating the USD value at the auction exchange rate would be the price at which a ZWL$ denominated transaction would occur. I was not able to determine the extent of adjustments necessary.

Below are other material issues noted during the audit;

1. GOVERNANCE ISSUES

1.1 Standard Operating Procedures Manual

Finding

The University had no Standard Operating Procedures Manual to guide officers in the discharge of their assigned duties for the procurement unit, asset management and the receipts and payments sections. I was unable to assess the efficiency and effectiveness of the internal control systems within these sections.

Risk / Implication

Inconsistencies on processing of transactions.

Recommendation

The University should develop standard operating manuals addressing the potential risk for all the operations units in the University.

Management response

After full installation of Sage Evolution Accounting package, Standard Operating Procedures will be finalised in line with new system capabilities. This will be done by December 2023.

1.2 Supporting documentation

Finding

The University made some payments amounting to ZWL$44.9 million based on quotations which were not supported by invoices. In addition, I was not availed with goods received notes confirming receipt by the University of two (2) motor vehicles procured during the year.

Risk / Implication

Financial loss due to possible dual payments.

Financial loss as payments may be made for goods not actually received or not ordered.

Recommendation

Controls over payments should be enhanced.

All entries entered into the accounting system should be supported by documentation that is proof of transactions to avoid fraud and errors.

Management response

The observation is noted. In future we will ensure that invoices are obtained where payments have been done using quotations. Engagements continue with the supplier to ensure that the invoices are received within the shortest possible time to enable the generation of GRVs.

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

The University made progress in addressing audit findings and recommendations raised in my 2020, 2021 and 2022 annual reports. I raised twelve (12) audit findings in my 2022 annual report and I followed up on eight (8) findings which were outstanding in my 2020 and 2021 annual reports. Eight (8) findings were addressed, one (1) was partially addressed and eleven (11) were not addressed as indicated below;

2.1 Access rights

The finding was addressed. Employees leaving the University were now being removed from the database.

2.2 Navision system crash

The finding was addressed. The data had been recaptured and errors corrected.

2.3 Library management system

The finding was not addressed. A new system will be introduced during the first quarter of 2023.

2.4 Point of sale bank card

The finding was not addressed as some reconciling items are yet to be cleared.

2.5 Right of use asset

The finding was addressed. The right of use asset had been appropriately recognised in the financial statements.

2.6 Taxation of benefits

The finding was addressed. The deemed interest benefit on loans and education benefit are now being subjected to tax.

2.7 Bank reconciliations

The finding was not addressed. Efforts are being made to clear all outstanding items.

2.8 Completeness of revenue

The finding was addressed. All the data which was lost during the system crush was recaptured.

2.9 Student accounts receivables

The finding was partially addressed. The area still has billing and accounting challenges.

2.10 Annual procurement plan

The finding was addressed. The Annual Plan for 2022 was prepared and submitted to Procurement Regulatory Authority of Zimbabwe.

2.11 Withholding tax on tenders

The finding was addressed. The University is now deducting withholding tax on all payments to suppliers who did not submit valid tax clearance certificates in 2022.

2.12 Prepayment for goods

The finding was not addressed. The University still makes prepayments without obtaining an advance payment guarantee from the suppliers.

2.13 Innovation Business Development (IDB) unit

The finding was not addressed. The Genetic Testing Centre personnel are still responsible for performing the genetic tests, receipting of funds, banking of funds and the management of inventories hence the University has still not adhered to internal controls based on international standard practices.

2.14 Alignment accounting processes to new developments

The finding was not addressed. Management has not upgraded the Navision accounting module so as to process the required IFRS 9 information.

2.15 Management of revenue

The finding was not addressed. Goods were still being sold without delivery notes and cash sales were still separated on walk in customers while not consistently done for customers who were buying some goods on credit.

2.16 Procurement of goods

The finding was not addressed. Requirement for sourcing of three (3) quotations was not being applied consistently in 2022.

2.17 Security of cash at bank

The finding was addressed. The listing of all signatories as of 2022 was obtained and confirmed all of them were still with the University as of 2022 and were still active signatories.

2.18 Contact leave

The finding was not addressed. The University employees were being paid for contact leave on termination in 2022.

2.19 Demolition of prefabricated structures

The finding was not addressed. This project has been discontinued and is unlikely to be continued.

2.20 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.

Background Information

The School is a registered tertiary educational Hospitality Institution that operates commercially based on Commercialization Policy reference number B/202/35 of November 27, 1998. The School's principal activity is provision of training in tourism and hospitality.

I have audited the financial statements of School of Hospitality and Tourism 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 the School of Hospitality and Tourism 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 of Adverse 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, Change in Accounting Estimates and Errors"

Opening balances

The prior year financial statements did not comply with the requirements of International Accounting Standard (IAS) 21- "The Effects of Changes in Foreign Exchange Rates", as the School had not been able to apply an appropriate exchange rate on change of functional currency in February 2019. 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 adopted 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 Statutory Instrument 33 of 2019 prescribed. This instrument stated that all assets and liabilities that were denominated in USD before February 22, 2019 were deemed to be Real Time Gross Settlement (RTGS) dollars at a rate of 1:1, and all transactions subsequent to February 22, 2019 were to be translated at the prevailing 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 SI 33 of 2019 and the fact that there were no official exchange rates between October 2018 and February 2019 due to the lack of an observable foreign exchange market. In this regard, the misstatements in the School's 2020 opening balances have an impact on the current year financial statements. The School did not restate its prior year financial statements in accordance with International Accounting Standard (IAS) 8 – "Accounting Policies, Change in Accounting Estimates and Errors".

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

The School did not conduct an annual review of the residual values and useful lives of its assets at year-end as required by International Accounting Standard (IAS) 16 - "Property, plant and equipment" paragraph 51. As a result, there were assets with nil values that were still in use. In addition, the School did not recognize and disclose the value of land in the financial statements, which is contrary to IAS 16 - "Property, plant and equipment". This standard requires land to be recognized and disclosed separately. The School's asset register did not have values of assets, and the figures in the financial statements could not be disaggregated to individual assets. In addition, the equipment, furniture, and fittings of the Harare Hotel School were not included in the asset register. Had the value of land been recognised and the annual review of the residual values and useful lives of these assets been conducted, the property, plant and equipment disclosed at ZWL$34.9 million in the financial statements could have been materially different.

iii Non-compliance with International Financial Reporting Standards (IFRS) 9 – "Financial Instruments"

The School recognized trade receivables of ZWL$2.8 million and did not provide for recoverability contrary to the requirements of the International Financial Reporting Standard (IFRS) 9 - "Financial Instruments". IFRS 9 -"Financial Instruments" requires that a loss allowance for a financial instrument be recognized at each reporting date. Had an allowance for credit loss been provided for the trade receivables disclosed, the amounts presented in the financial statements could have been materially different.

Below are other material issues noted during the audit;

1. GOVERNANCE ISSUES

1.1. Approved budget

Finding

The School did not submit to the parent Ministry its 2020 annual budget for approval. This was contrary to section 47 (1) of the Public Finance Management Act *[Chapter 22:19]* which requires accounting officers for public entities to prepare and submit their annual budget to the parent Ministry for approval.

Risk / Implication

Unauthorised expenditure may be incurred.

Recommendation

The School should submit its annual budget to the parent Ministry for approval in line with the Public Finance Management Act [*Chapter 22:19*].

Management response

Agreed. The School has submitted the budget for 2024 to the parent Ministry for approval.

1.2. Policy documents

Finding

The School was operating without key policies to guide its operations. Policies covering areas such as Human Resources, Risk Management, Information Communication Technology, Code of Conduct, Accounting, Administration, and Motor Vehicles were not in place.

Risk / Implication

Inconsistencies in implementation of the School's decisions and accounting transactions.

Recommendation

The School should ensure that all relevant policies are in place.

Management response

Agreed. Management will ensure that all relevant policies are in place.

1.3. Tourism levy remittance

Finding

The School was not remitting monthly 2% tourism levy for its St Patrick's Hotel. This was contrary to Section 2 (2) of Statutory Instrument 191 of 2019 which requires operators to remit levies as they accrue.

Risk / Implication

Financial loss due to penalties that may be imposed for non-remittance of the levy.

Recommendation

Management should remit tourism levies to the Authority as required by law.

Management response

Agreed. Tourism levies will be remitted to the Authority.

1.4 Property ownership

Finding

I was not availed with proof of ownership for the Pandhari Harare Hotel, Hotel St. Patrick's property and Sauerstown property disclosed in the financial statements as at December 31, 2020. The properties were still registered in the name of another public entity which funded the acquisition of these properties on behalf of the School.

Risk / Implication

Proof of ownership may be difficult to demonstrate in the absence of adequate documentation.

Recommendation

The ownership of the properties should be regularised.

Management response

Agreed. The School will engage the parent Ministry for title deeds.

1.5 Non-compliance with International Accounting Standard (IAS) 16- “Property, plant and equipment

Finding

The School did not conduct an annual review of the residual values and useful lives of its assets at year-end as required by International Accounting Standard (IAS) 16 - "Property, plant and equipment" paragraph 51. As a result, there were assets with nil values that were still in use. In addition, the School did not recognize and disclose the value of land in the financial statements, which is contrary to IAS 16 - "Property, plant and equipment". This standard requires land to be recognized and disclosed separately. The School's asset register did not have values of assets, and the figures in the financial statements could not be disaggregated to individual assets. The assets that include equipment, furniture, and fittings of the Harare Hotel School were also not in the asset register.

Risk / Implication

Misstatements of financial statements.

Recommendation

Management should ensure that useful lives and residual values of property and equipment are assessed annually and land should be valued and recognised as required by the IAS 16 - "Property, plant and equipment".

Management response

Agreed. In future values of property and equipment will be assessed annually.

2. REVENUE COLLECTION AND DEBT RECOVERY

2.1. Trade and other receivables

Finding

The School recognised trade receivables of ZWL$2.8 million without a loss allowance, contrary to the requirements of IFRS 9- “Financial Instruments”. IFRS 9-“Financial Instruments requires that an allowance for credit loss be provided on financial instruments such as receivables. In addition, the School did not have a credit policy in place. As a result, there were long outstanding staff receivables of ZWL$0.17 million and student receivables of ZWL$0.05 million, some of which dated back to 2016. The staff receivables were due to staff members not filling out the required acquittal forms. There was no evidence that the School had a strategy in place for recovering these debts.

Risk / Implication

Misstatement of financial statements.

Recommendation

Management should apply the requirements of IFRS 9- “Financial Instruments”.

The school should establish and implement follow up mechanisms for outstanding amounts.

Management response

The School had fully impaired all of its trade receivables in 2019 except students receivables. In 2020 the receivables balance was made up of students receivables, which constituted the major balance. The practice was that, students debts were mainly recovered on collection of their results.

The other receivables, were made up of travelling and subsistence allowances which was not acquitted. This was as a result of not filling the acquittal forms by staff members.

Management will put in place the recovery mechanisms and recover these debts from staff members.

3. MANAGEMENT OF ASSETS

3.1. Asset register

Finding

The School did not have adequate staff in the finance department. As a result, the School's asset register did not have values assigned to the assets, and the figures in the financial statements could not be disaggregated to the individual asset level. Some assets were recorded without asset numbers, and the asset register was maintained in a Microsoft Excel spreadsheet that was not password protected. In addition, the School did not conduct physical verification of assets during the year. The last asset count was conducted in the financial years 2015 and 2016, as shown in the asset register. Additionally, equipment, furniture, and fittings from the Harare Hotel School were not included in the asset register.

Risk / Implication

Misappropriation of assets.

Recommendation

The School should maintain a comprehensive updated asset register.

Management response

Agreed. Asset register will be updated accordingly.

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

The School did not make progress in addressing audit findings I raised in my 2020 annual report. I raised three (3) audit findings and all were not addressed as indicated below:

4.1. Organisation structure

The finding was not addressed. The organizational structure was still not in place.

4.2. Value added tax

The finding was not addressed. The School was not registered for Value Added Tax.

4.3. Complimentary accommodation

The finding was not addressed. The policy on complimentary accommodation was not in place.

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 include teaching, research, community engagement, innovation and industrialisation and offers degrees, diplomas and certificates in various disciplines.

I have audited the financial statements of the University of Zimbabwe for the year ended December 31, 2022 and I issued a Qualified Opinion.

Qualified Opinion

In my opinion, except for the effect of the matters as 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 of Zimbabwe 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 Financial Reporting Standard (IFRS) 13 - "Fair Value Measurement".

The University performed a revaluation of property, plant and equipment as at December 31, 2022 in USD. The revalued amounts were translated to ZWL$ using the interbank exchange rate and this had not met the fair value principles in line with International Financial Reporting Standard (IFRS) 13 - "Fair Value Measurement". The standard requires that a fair value be determined using the assumption that market participants would use when pricing assets of similar nature, assuming market participants act in their economic best interest and the fair value should reflect the price that would be received to sell the asset an orderly transaction in the principal market, regardless of whether the price is directly observable or estimated using another valuation technique. I could not obtain sufficient appropriate evidence to support the appropriateness of applying the closing interbank rate to determine ZWL$ fair value of property, plant and equipment and biological assets.

Below are other material issues noted during the audit:

1. GOVERNANCE ISSUES

1.1. Leases

Finding

The University's controls over management of leases were not adequate. Lease agreements for four (4) properties leased by the University were not renewed as at December 31, 2022. In addition, I was not availed with evidence of receipt of rentals for a property in the Harare central business district that was leased to tenants.

Risk / Implication

There is no legal recourse in the event of a dispute.

Misstatement of right of use assets and lease liabilities.

Recommendation

The University should expedite the process of regularising its leases and comply to IFRS 16 – "Leases".

Management response

Management acknowledges that the lease for Chiweshe property expired and was not renewed. Management will assess need for the continued use of the property before renewing the lease agreements.

The Lease agreement for the property in the Harare central business district expired and was not renewed and the existing tenant is currently resisting eviction. The Lease agreement for number the flats expired and management is in the process of reviewing all its lease agreements.

2. REVENUE COLLECTION AND DEBT RECOVERY

2.1 Continuous professional development

Finding

The accounting personnel had not received sufficient training on the application of changes in the reporting framework. As a result, incorrect interbank exchange rates were applied on accounting for a grant received in September 2022 amounting to USD 444 850 thereby misstating grant income.

Risk / Implication

Errors and omissions may not be detected.

Recommendation

The accounting personnel should receive regular professional training on changes in the reporting framework.

Supervisory controls should be enhanced.

Management response

This was a case of oversight on the part of the members of staff involved as they failed to update the exchange rates daily as per standard procedure.

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

The University made progress in addressing audit findings raised in my 2022 annual report. I raised two (2) audit findings, one (1) was addressed and one (1) was partially addressed as indicated below;

3.1. Innovation hub chairs

The finding was partially addressed. The University created a provision which will be used to write off the amounts involved. Relevant approvals will be sought to write of the amount involved as there is now a low probability of recovering the paid funds or receiving the chairs

3.2. Creditors reconciliation

The finding was addressed. Manpower levels are being increased in the Bursar’s Office to ensure the timely preparation of supplier reconciliations.

Background Information

University of Zimbabwe Specific Funds are donor funded projects and their main objective is the development of University programmes. The Fund is 100% owned by the University of Zimbabwe.

I have audited the financial statements of the University of Zimbabwe Specific Funds 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 as 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 of Zimbabwe Specific Funds 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 Effects of Changes in Foreign Exchange Rates"

The Fund had significant transactions and balances that were in foreign currency during the year. The foreign currency transactions were recorded during the year using the respective interbank rates and balances at year end were recorded at the closing interbank rate. These interbank rates were not in compliance with IAS 21– "The Effects of Changes in Foreign Exchange Rates" as they were not the exchange rates for immediate delivery. The use of alternative market rates was not compliant with the law and as a result, the Fund have not attempted to estimate rates that may more fairly reflect the results and the state of these transactions and balances in compliance with IAS 21- "The Effect of Changes in Foreign Exchange Rates".

I could not obtain sufficient appropriate evidence to support the appropriateness of applying the interbank rates to determine ZWL$ values.

Below are other material issues noted during the audit;

1. GOVERNANCE ISSUES

1.1. Supporting invoices for expenses

Finding

There was no evidence of due diligence by the Fund on processing of payments. As a result, the Fund made payments amounting to ZWL$ 15.6 million to various suppliers during the year which were not supported by invoices. The payments made were solely based on pro-formas (quotations).

Risk / Implication

Fraud and error might go undetected.

Recommendation

The Fund should ensure that all payments are supported by invoices.

Management response

These arose from the payment to suppliers that required payment before delivery of goods and services and were paid using pro forma invoices.

1.2. Penalties

Finding

The University Specific Funds was charged penalty by the Research Council of Zimbabwe for late renewal registration.

Risk / Implication

Financial loss due to unnecessary penalties.

Recommendation

The management should renew its registrations on time.

Management response

The penalty arose after the relevant department failed to submit to the Bursary its registration and shipment permit payment request to the Research Council of Zimbabwe in time. The request was submitted after the registration deadline.

Background Information

Zimbabwe Open University was established in terms of Zimbabwe Open University Act [*Chapter 25:20*]. The University's mandate is to provide higher and tertiary education through open and distance learning.

I have audited the financial statements of the Zimbabwe Open University for the year ended December 31, 2023 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 Open University as at December 31, 2023, 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. Segregation of duties

Finding

The University experienced high staff turnover to the extent that there was no segregation of duties within the finance department. As a result, the financial statements were prepared and reviewed by the same person thereby weakening the University's internal controls over the preparation of financial statements.

Risk / Implication

Fraud and errors may go undetected.

Recommendation

The University should separate incompatible duties.

Management response

Other financial activities in the department are well segregated but the issue in question was caused by high staff turnover in the department. The department is currently focusing on continuous professional development so as to address the skills gap of the current staff whilst ensuring that the vacant posts are filled.

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

The University made progress in addressing audit findings raised in my 2020 and 2022 annual reports. I raised one (1) audit finding in my 2022 annual report and I followed up on one (1) finding outstanding in my 2020 annual report and all the two (2) findings were addressed as indicated below;

2.1. Review of transactions

The finding was addressed. The University activated all the essential tables and periodic access reviews are now being done and documented.

2.2. Farms accounting procedures

The finding was addressed. The accounting procedures’ manual is now in place and was developed in 2023 and deployed in 2024.

Background Information

Zimbabwe School of Mines was established in terms of Mines and Minerals Act [*Chapter 21:05*]. The functions of the School 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 year ended December 31, 2022 and I issued a Qualified Opinion with a material uncertainty related to going concern.

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 School of Mines 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. Un-receipted tuition fees

The School received a total of ZWL$ 63.8 million in deposits from students for various programs. However, these amounts were not receipted and allocated to the revenue line items as of December 31, 2022, due to insufficient payment details. As a result, the School did not adjust individual amounts owed by students and the debtors age analysis. Had these amounts been allocated to the respective line items, the trade receivable and allowance for credit losses balances might have been materially different.

ii. Non-compliance with International Accounting Standard (IAS 36) – "Impairment of assets"

The School did not assess its assets for impairment as at December 31, 2022, in compliance with International Accounting Standard (IAS) 36- "Impairment of assets" paragraph 9, which requires assets to be tested for impairment at the end of each reporting period. This was despite indicators of impairment on some of the School's assets. Had the School assessed its assets for impairment, the property, plant and equipment figure of ZWL$878.6 million could have been materially different.

iii. Completeness of donations

There was no evidence to support that all the donations received in cash and in kind during the year were accounted for. There were services and assets donated to the School during the year under review that were not recorded in the asset register. In addition, the donations register was not up to date. I could not satisfy myself on the completeness of the donations received by the School.

Report on going concern

I draw your attention to the fact that the School incurred a deficit of ZWL$59.4 million (2021- ZWL$1.3 billion) for the year ended December 31, 2022. As of that date, the School's current liabilities exceeded its current assets by ZWL$ 397.5 million. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the school'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. Annual budgets

The School's accounting processes were not aligned to the Public Finance Management Act [*Chapter 22:19*] in that the 2022 annual budget was operationalized by the School without approval from the Minister of Mines and Mining Development contrary to the provisions of Section 47 of the Public Finance Management Act [*Chapter 22:19*].

Risk / Implication

Irregular transactions may go undetected.

Recommendation

Annual budgets should be approved by parent Ministry in line with the provisions of Public Finance Management Act [*Chapter 22:19*].

Management response

Observation noted. The School has since rectified this as the 2023 budget was submitted to the Ministry. We are making efforts to comply and will submit the 2024 budget to obtain the requisite Minister's approvals.

1.2. Alignment of accounting processes to the reporting framework

Finding

There was no evidence to support that the School assessed its assets for impairment as at December 31, 2022, in compliance with International Accounting Standard (IAS) 36 – "Impairment of Assets" paragraph 9, which requires assets to be tested for impairment at the end of each reporting period to confirm whether or not there is any indication that an asset may be impaired. Some of the assets at the School showed some indicators of impairment.

Risk / Implication

Misstatement of financial statements.

Recommendation

Management should assess its assets for impairment at the end of each reporting period in compliance with the standards.

Management response

Noted. This anomaly will be rectified. This process started and is being finalised.

1.3. Unclaimed deposits

Finding

The School received a total of ZWL$ 63.8 million in deposits from students for various programs. However, these amounts were not receipted and allocated to the revenue line items as of December 31, 2022, due to insufficient payment details. As a result, the School did not adjust individual amounts owed by students and the debtors age analysis.

Risk / Implication

Financial statements might be materially misstated.

Recommendation

The unclaimed deposits should be followed up and cleared.

Finance policies with clear guidelines should be put in place.

Management response

The School will ensure that students are advised on the submission of the proof of payment and clear references when making a transfer to the bank for ease of allocation. In addition, the School has embarked on a project to realign all its policies and develop those that were not available.

1.4. Withholding tax

Finding

The School was not withholding tax on payments to suppliers without valid tax clearance certificates. This was in contravention of Section 80(2) of the Income Tax Act [*Chapter 23:06*] which requires that unless a payee furnishes the paying officer with a tax clearance certificate, the paying officer shall withhold thirty per centum of each amount payable to the payee under the contract concerned.

Risk / Implication

Financial loss due to penalties for non-compliance.

Recommendation

The School's PMU should consider updating its procedures to incorporate tax status when submitting documents for payments.

Management response

Noted, the system will be managed, comprehensively, in such a way that the tax clearance certificate will be submitted to Finance Department with other papers for processing payment.

1.5. Donations policy

Finding

The School did not recognise in the financial statements donations received in cash and in kind during the year ended December 31, 2022. In addition, the School did not keep up-to-date donations register for the recording of donations.

Risk / Implication

Financial loss due to misappropriation of donations.

Misstatement of financial statements.

Recommendation

The School should comply with its policies on recognition and accounting for donations.

Management response

Noted. Going forward we will put the donations register in place.

1.6. Fuel management system

Finding

The School's fuel management system (ZSM-PMS/02) was weak in that it did not have a register of fuel received and issued during the year.

Risk / Implication

Irregular issuance of fuel may go undetected.

Recommendation

The School should strengthen the controls over issuance of fuel.

Management response

Noted. Going forward the School will put a fuel register in place.

1.7. Petty cash management

Finding

The School receipted cash and utilised it before banking. This was contrary to the School's Cash Management Policy which requires cash received to be banked intact.

Risk / Implication

Misappropriation of cash.

Recommendation

Cash should be receipted and banked intact.

Management response

Noted. This anomaly was rectified in February 2023. All the cash receipts are banked the following day and the petty cash re-imbursement is withdrawn directly from the bank. The petty cash management system was aligned.

1.8. Board of Inquiry

Finding

The School's transport policy was not aligned to Section 103 of the Public Finance Management Act [*Chapter 22:19*] which requires Board of Inquiries to be conducted 14 days after receiving all the necessary documents. As a result, the School did not convene Boards of Inquiries for its vehicles which were involved in accidents during the year.

Risk / Implication

Weakening of internal controls over management of assets.

Recommendation

Board of Inquiries should be conducted as a way of strengthening controls over the management of assets.

Management response

The finding is noted and it is regrettable that the school's transport policy is not aligned with the Public Finance Management Act. Note that the School has embarked on a project to realign all its policies and develop those that were not available. On the accident in question indeed the board of inquiry was not done, but the insurance processes were done. Also note that board of inquiry are now being done. The School will also introduce the vehicle accidents and incidents register.

2. REVENUE COLLECTION AND DEBT RECOVERY

2.1. Travel and subsistence allowances

Finding

The School's members of staff were taking more than 30 days to acquit for their travel and subsistence allowances, contrary to Section 65 (15) of the Public Finance Management Regulations which requires travelling advances to be acquitted within thirty (30) working days of return to home station. As a result, I could not establish whether staff debtors amounting to ZWL$ 4 million were correct as it included travel and subsistence incurred but not acquitted and cleared in the system.

Risk / Implication

Financial loss due to payment for services not rendered.

Recommendation

Management should enforce compliance with Public Finance Management Regulations on acquittal of travel and subsistence allowance.

Management response

Noted. An acquittal register will be developed which will assist trace all the Travel and Substance claimed at a period in time. To improve the smooth flow of its operations, the school has embarked on an ongoing project to realign all its policies and develop those that were not available and the Travelling and Substance policies will be taken care of.

3. PROCUREMENT OF GOODS AND SERVICES

3.1. School's Procurement Management Unit

Finding

The School's Procurement Management Unit was not resourced. The Unit had one Officer responsible for all procuring functions.

Risk / Implication

Irregular purchases.

Recommendation

The School should consider to resource the Procurement Management Unit.

Management response

Noted.

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

The School did not make progress in addressing audit findings raised in my 2022 annual report. I raised four (4) audit findings, one (1) was addressed, one (1) finding was partially addressed whilst the other two (2) findings were not addressed as indicated below;

4.1. Alignment of processes to the Public Entities Corporate Governance Act [Chapter 10:31)]

The finding was addressed. The School applied and was granted exemption from compliance with certain provisions of the Public Entities Corporate Governance Act [*Chapter 10:31*].

4.2. Policy documents

The finding was partially addressed. Only 13 of the 53 policies were approved and the rest are at draft stage.

4.3. Impairment of assets

The finding was not addressed. No evidence of impairment assessment for the assets was carried out for the financial year ended December 31, 2022.

4.4. Purchase of laptops

The finding was not addressed. Batteries had not yet been supplied as replacement for the accessories paid for.

PUBLIC ENTITIES UNDER THE CATEGORY OF OTHER

Background Information

Chinhoyi University of Technology Farm Trust is owned by the University and was established in terms of the Deed of Trust number MA338/2007.The purpose of the Farm Trust is to maintain and administer the farm as a centre for practical training and research, with some commercial functions.

I have audited the financial statements of Chinhoyi University of Technology Farm Trust for the year ended December 31, 2022 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 Chinhoyi University of Technology Farm Trust 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

Non-Compliance with International Accounting Standard (IAS)21- “Effects of Changes in Foreign Exchange Rates”

The University’s Farm Trust translated transactions and balances in USD and other currencies to ZWL$ using the prevailing interbank exchange rate during the year ended December 31, 2022. The translation did not meet the spot rate determination requirement of International Accounting Standard (IAS) 21 – “The Effects of Changes in Foreign Exchange Rates. The impact of the difference if any, of the exchange rate used by the Farm on translation and conversion and the spot rate as per International Financial Reporting Standards, has not been quantified and therefore not adjusted for.

Below are other material issues noted during the audit;

1. GOVERNANCE ISSUES

1.1. Alignment of Accounting processes to the requirements of reporting framework

Finding

The Farm Trust’s accounting processes were not aligned to the requirements of the accounting framework. As a result, the Farm Trust did not conduct impairment review on its assets although there were clear indications of impairment. This was contrary to the requirement of International Accounting Standard (IAS) 36- “Impairment of Assets” paragraph 9 which requires assessment of impairment at the end of each reporting period. In addition, the farm’s pivots had not been utilised from the time when these were donated and some parts have been vandalised while other parts of the equipment were now deteriorating.

Risk / Implication

Property, plant and equipment may be misstated.

Financial loss due to vandalism of the equipment.

Recommendation

The Farm Trust should perform impairment assessment annually in line with the requirements of International Financial Reporting Standards (IFRSs).

Controls over management of assets should be enhanced.

Management response

We take fully the auditors recommendation. The pivots were donated and they were not fully functional since they were some missing accessories. We need to engage an evaluator to give the Pivots the actual value.

1.2. Lease agreement

Finding

The Farm Trust had no valid lease agreement pertaining to land which it was using that was owned by the University. The arrangement had not been accounted for in the financial statements in line with International Financial Reporting Framework (IFRSs).

Risk / Implication

Financial statements may be misstated.

There may not be legal recourse in the event of a dispute.

Recommendation

The Farm Trust should regularise the arrangement on the use of the farm.

Management response

We take it upon ourselves and the University executive to come up with the lease agreement.

Background Information

The National Gallery of Zimbabwe was established in terms of the National Gallery of Zimbabwe Act [*Chapter 25:09*]. Its main objective is the establishment, management and control of galleries or museums of art, the fostering and promotion of the fine and applied arts generally.

I have audited the financial statements of National Gallery of Zimbabwe for the years ended December 31, 2020, 2021 and 2022. I issued an Adverse Opinion for the year 2020 and a Qualified Opinion for the years 2021 and 2022.

Adverse Opinion 2020

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 National Gallery 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 2020

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

The Gallery had foreign currency denominated assets and liabilities on its statement of financial position as at December 31, 2019. The Gallery was unable to comply with the requirements of IAS 21- "The Effects of Changes in Foreign Exchange Rates" in the recognition and measurement of foreign currency denominated transactions and balances in its accounting records, as well as, the presentation and disclosure of same in its financial statements for the year ended December 31, 2019.

According to the Reserve Bank of Zimbabwe ("RBZ") Act, the balances between the Bond note, RTGS System and the USD notes were legally exchangeable at 1:1 during the year ended December 31, 2019 in compliance with Statutory Instrument (SI) 33 of 2019. However, there was constrained exchangeability of the RTGS balances with foreign currencies in Zimbabwe as there was no legal foreign exchange mechanism.

On February 20, 2020, the Reserve Bank of Zimbabwe issued a Monetary Policy Statement in which the bond notes and coins were redenominated as RTGS Dollars. At the same time, the RBZ established an interbank foreign exchange market in Zimbabwe to formalize the exchange of RTGS Dollar with the United States Dollar. The opening exchange rate for the United States Dollar to the RTGS Dollar as at February 23, 2020 was 1:2.5. As a result, I was unable to determine whether any adjustment might have been found necessary in respect of some elements of the financial statements to satisfy myself concerning the fair presentation of these financial statements.

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 the financial position of the National Gallery of Zimbabwe 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).

Basis for Qualified Opinion 2021

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

The Gallery did not conduct an annual review of the residual values and useful life of its assets as at December 31, 2021 as required by IAS 16- "Property, plant and equipment" paragraph 51, which requires that residual values and useful lives be reviewed at least at each financial year end. In addition, the Gallery did not carry out a revaluation of its assets in line with IAS 16- "Property, plant and equipment" paragraph 31 which requires that revaluations should be carried out regularly to ensure that the carrying amount of an asset does not differ materially from its fair value at the balance sheet date. Had the annual review of residual values and useful lives and revaluation of the assets been conducted, the closing carrying amount of Property, plant and equipment would have been materially affected.

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

The Gallery translated foreign denominated balances and transactions into its functional currency, ZWL$, during the year ended December 31, 2021, using exchange rates which differed from those on the official and traceable source introduced by the Reserve Bank of Zimbabwe through the monetary policy pronouncement, the foreign exchange auction trading system and since June 23, 2020, the official rate was derived based on the weighted average prices paid by the participants in the weekly auctions.

Had the Gallery applied the exchange rates on the official platforms, these financial statements would have been materially impacted. The financial effects of the use of the various rates on the financial statements have not been determined.

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 of National Gallery of Zimbabwe present fairly, in all material respects, the financial position 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 2022

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

The Gallery did not revalue its property, plant and equipment since January 2019. This was contrary to paragraph 31 of International Accounting Standard (IAS) 16 - "Property plant and equipment" which requires revaluation of property, plant and equipment to be carried out with sufficient regularity to ensure that the carrying amount does not differ materially from the fair value at the end of the reporting period.

In addition, the Gallery depreciated its land at 2.5% per annum. This was contrary to International Accounting Standard (IAS) 16 - "Property plant and equipment" paragraph 58 which requires that land should not be depreciated as it has an unlimited useful life.

Below are other material issues noted during the audit;

1. GOVERNANCE ISSUES

1.1. Submission of financial statements

Finding

The financial statements for the years ended December 31, 2020, 2021 and 2022 were submitted for audit on April 8, 2022, October 9, 2023 and February 2024 respectively, which was later than the 60-day requirement stipulated in section 49(1) (c) of the Public Finance Management Act [*Chapter 22:19*].

Risk / Implication

Decision making may be delayed thereby affecting service delivery.

Recommendation

Financial statements should be submitted for audit within 60 days after the year end as required by section 49(1) c of the Public Finance Management Act [*Chapter 22:19*].

Management response

Frantic efforts are being made to ensure that the audit backlog is cleared within reasonable timeframes.

1.2. Valuation of property, plant and equipment

Finding

The Gallery did not revalue its property, plant and equipment since January 2019. This was contrary to paragraph 31 of International Accounting Standard (IAS) 16 - “Property plant and equipment” which requires revaluation of property plant and equipment to be carried out with sufficient regularity to ensure that the carrying amount does not differ materially from the fair value at the end of the reporting period.

In addition, the Gallery depreciated its land at 2.5% per annum. This was contrary to International Accounting Standard (IAS) 16 - “Property plant and equipment” paragraph 58 which requires that land should not be depreciated as it has an unlimited useful life.

Risk / Implication

Misstatement of financial statements.

Recommendation

The Gallery should revalue its property, plant and equipment in line with International Accounting Standard (IAS) 16 - “Property plant and equipment”.

The Gallery should also align its policies to reporting framework and not depreciate land.

Management response

The revaluation process is currently underway. The value of land will be determined after the revaluation and separated from buildings.

1.3. Policies and procedure manuals

Finding

The Gallery had no essential policies that included Information and Communication Technology (ICT) policy. In addition, the accounting procedures manual in place was last reviewed in 2016 despite changes in the economic environment and reporting framework. This was contrary to Section 44 (1) (a) of the Public Finance Management Act [*Chapter 22:19*] which requires a public entity to establish and maintain effective, efficient and transparent systems of financial, risk management and internal controls.

Risk / Implication

Inconsistencies in accounting of transactions.

Integrity of data may be compromised.

Recommendation

The Gallery should come up with an Information and Communication Technology (ICT) policy and regularly review the accounting and procedures manual.

Management response

The Gallery, as a Parastatal under the Ministry of Sport, Recreation, Arts and Culture is significantly guided by government policies. However, the Gallery is guided by its own Accounting Procedures Manual and unique policies such as the Acquisition policy which is being finalised. The Accounting Procedures Manual is being upgraded to meet the newly adopted International Public Sector Accounting Standards (IPSAS). The manual is being reviewed in line with IPSAS.

1.4. Bank reconciliations

Finding

The Gallery was not performing bank reconciliations for one of its bank accounts for the period January to September 2022. This was contrary to the Gallery's Accounting Policies and Procedures, which require bank reconciliations to be performed by the 15th of each month.

Risk / Implication

Fraud and errors may go undetected.

Recommendation

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

Management response

The delay was due to the backlog dating back to 2019 financial statements which were not yet prepared.

Background Information

The National Museums and Monuments of Zimbabwe 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 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 National Museums and Monuments 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

Non-Compliance with International Accounting Standard (IAS) 21 - "The Effects of Changes in Foreign Currency 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 National Museums and Monuments had not been able to use the appropriate exchange rate. Instead, the Museum complied with Statutory Instrument 33 of 2019 on change of functional currency in the prior year. In order to comply with the legislation, the transactions presented during the period January 1, 2019 to February 22, 2019, the balances on the February 22, 2019 and balances in the financial statements for the prior financial year, were translated to the local reporting currency (ZWL$) at a 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 Currency Rates" requires the use of a single market exchange rate when translating balances and transactions in other currencies to the presentation 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 IAS 21 - "The Effects of Changes in Foreign Currency Rates".

The misstatements in the prior year arising from non-compliance with International Accounting Standard (IAS) 21 - "The Effects of Changes in Foreign Currency Rates" had not been corrected in line with the requirements of International Accounting Standard (IAS) 8 – "Accounting Polices, Changes in Accounting Estimates and Errors". Had the National Museums and Monuments correctly applied IAS 8 – "Accounting Polices, Changes in Accounting Estimates and Errors" and perform a full restatement, the financial statements would have been materially affected. I could not determine the extent of adjustments necessary.

Adverse Opinion 2021

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 National Museums and Monuments 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

Non-compliance with International Financial Reporting Standards (IFRS) 13 - "Fair Value Measurement"

The Museum performed a management valuation of property, plant and equipment and investment property as at January 1, 2021. The valuation was performed by management using the 2018 United States Dollars (USD) figures, which were subsequently translated to ZWL$ using the interbank exchange rate as at January 1, 2021. The determined USD values were not the correct reflective of fair value in that currency and the conversion to ZWL$, for purposes of reporting in the Museum's functional currency, was not in compliance with International Financial Reporting Standard (IFRS) 13 – "Fair Value Measurement", for the reasons stated below;

IFRS 13 – "Fair Value Measurement" 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 found the assumptions and methods used by management to determine the USD valuations not reasonable and appropriate in determining fair value in USD. I was also unable, to obtain sufficient appropriate evidence to support the appropriateness of the application of the ZWL$/USD auction exchange rate in the determination of the final ZWL$ 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 appropriate evidence to support the appropriateness of using 2018 USD values and using the closing ZWL$/USD auction exchange rate in determining the ZWL$ fair value of property, plant and equipment and investment property, 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, plant and equipment and investment properties in ZWL$. The comparability and misstatements' effects have not been quantified.

Below are other material issues noted during the audit;

1. GOVERNANCE ISSUES

1.1 Submission of financial statements

Finding

The Museum did not submit financial statements for audit within two months after the end of each financial year as required by section 49 (1) (c) of Public Finance Management Act [*Chapter 22:19*].

Risk / Implication

Transparency and accountability may be compromised.

Recommendation

Management should submit financial statements for audit within sixty (60) days after the end of each financial year.

Management response

The failure to prepare financial statements as pronounced by the PFM Act is regrettable. National Museums and Monuments of Zimbabwe (NMMZ) experienced serious staffing gaps in the Finance Department which were affected the production of financial statements.

1.2 Bank reconciliations

Finding

The Museum's bank reconciliations were not prepared on time. For instance, bank reconciliations for all the regions were prepared and signed after two (2) years. This was contrary to the Museum's procedure manual which requires bank reconciliations to be prepared by the seventh of the following month which they relate to.

Risk / Implication

Irregular transactions may not be detected on time.

Recommendation

Bank reconciliations should be prepared on a timely basis.

Management response

The late preparation of bank reconciliations was due to the late preparation of financial statements. NMMZ is in the process of changing over the accounting system.

1.3 Bank accounts

Finding

The Museum was not properly reconciling its bank accounts during the period under review. As a result, five (5)bank accounts which were indicated to be closed were still appearing in the financial statements.

Risk / Implication

Errors and omissions may not be detected on time.

Recommendation

The Museum should reconcile and clear the outstanding balances in the closed bank accounts still appearing on the accounting system.

Management response

Management will proceed as per recommendation. The balances were as result of the changes in reporting and base currencies which occurred in 2020. The error will be rectified.

1.4 Continuous professional development

Finding

The accounting personnel were not receiving regular continuous professional development and training during the period under review. As a result, numerous errors which include negative petty cash balances, errors on trial balance and receipts captured without supporting documents were noted during the audit. Although the errors were corrected, these delayed the finalisation of the audit.

Risk / Implication

Inconsistencies in the treatment of transactions.

Recommendation

The Museum should provide continuous professional development programs to its accounting personnel.

Management response

The recommendation is noted, and training programmes have been planned to assist staff with continuous professional development.

1.5 Travel and subsistence

Finding

The Museum was not enforcing compliance with its internal controls over approval of transactions. For instance, travel allowances for a senior officer were authorised by human resources assistant contrary to the Museum's procedure manual which states that all expenditure relating to the senior officer should be authorised by the Executive Director. I was not availed with satisfactory reasons from management on the approval of payments to a Senior officer by the Junior officer. In addition, information on the distance travelled was not recorded on the travel and subsistence forms and I could not ascertain whether the basis used on the calculations of fuel costs was appropriate.

Risk / Implication

Misappropriation of fuel.

Override of internal controls.

Recommendation

The Museum should comply with its policies and expenditure should be authorised at the appropriate level.

Management response

Management will ensure that the travel claims are signed by the person designated. Staff will also be advised to provide full information regarding the details on the acquittal claims.

2. PROCUREMENT OF GOODS AND SERVICES

2.1 Property, plant and equipment

Finding

I was not availed with documentation supporting ownership of motor vehicle (second-hand Honda CRV) purchased for USD 4 800 during the year under review. In addition, the motor vehicle together with a Phantom Drone purchased for ZAR 34 000 were not recorded in the asset register.

Risk / Implication

Misappropriation of assets.

Recommendation

Management should regularise the ownership of motor vehicle procured.

Asset register should be updated to include all assets purchased and in custody of the Museum.

Management response

The observation is noted. The motor vehicle was not included in the assets register as its ownership was yet to be established. The assets will be included in the asset register.

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

The Museum had not made progress in addressing audit findings raised in my 2022 annual report. I raised seven (7) audit findings and followed up on one (1) finding outstanding in my 2020 annual report. All the eight (8) findings were not addressed as indicated below;

3.1 Alignment of key processes to new developments client service charter

The finding was not addressed. Manuals were not updated. Management will update the manuals and policies by August 1, 2024 in line relevant policies and changes in operations.

3.2 Tourism levy

The finding was not addressed. The Museum is yet to engage ZTA to map the way forward.

3.3 Client service charter

The finding was not addressed. There is no approved Client Service Charter.

3.4 Internal audit

The finding was not addressed. Internal audit department was not resourced and could not conduct all its planned audit assignments.

3.5 Foreign trips

The finding was not addressed. Foreign trips were still conducted without Cabinet approvals during the years 2020 and 2021.

3.6 Acquittals for travelling and subsistence

The finding was not addressed. Travel and subsistence advances were still not acquitted on time during the year 2020 and 2021.

3.7 Motor vehicles fleet

The finding was not addressed. The Museum is still underfunded and efforts are underway to replace part of the fleet on a phased-out basis.

3.8 Board of Trustees

The finding was not addressed. The Board of Trustees has not yet been put in place.

Background Information

The Scientific Industrial Research and Development Centre was established 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 year ended December 31, 2023 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 Scientific and Industrial Research and Development Centre as at December 31, 2023, 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. Policies and procedure manuals

Finding

The Centre did not have an accounting policy for biological assets. This was contrary to Section 44 (1) (a) of the Public Finance Management Act [*Chapter 22:19*] which requires that a public entity shall ensure that it establishes and maintains effective, efficient and transparent systems of financial, risk management and internal controls.

Risk / Implication

Inconsistencies in accounting for biological assets.

Recommendation

The Centre must expedite the finalisation of the policy.

Management response

The Biological Assets Policy will be addressed in the new IPSAS Accounting Procedure Manual of which a draft is now available.

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

The Centre made some progress in addressing audit findings raised in my 2022 annual report. I raised two (2) audit findings and one (1) finding was addressed while the other one (1) was not addressed as indicated below;

2.1. Delivery of goods and services

The finding was not addressed. The Centre is now instituting legal proceedings against the two suppliers to enforce delivery or restitution.

2.2. Vacant positions

The finding was addressed. The positions of Director Biotechnology Research Institute and Metallurgical Research Institute as well as Internal Audit Manager were filled by substantive office bearers.

Background Information

The University of Zimbabwe Farm Trust was incorporated in terms of the National Trust Act [*Chapter 2:12*]. The Trust's principal activities include supporting the University of Zimbabwe as a commercial and educational institution through commercial agriculture, research and training in agriculture.

I have audited the financial statements of the University of Zimbabwe Farm Trust for the year ended September 30, 2022 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 the University of Zimbabwe Farm Trust as at September 30, 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 Effects of Changes in Foreign Exchange Rates"

During the year, the Trust predominantly traded in ZWL$ and some transactions and balances were in foreign currency. Revenue from foreign currency sales amounted to ZWL$197.1 million against total sales of ZWL$387.4 million. The foreign currency transactions and balances were translated using the respective spot rates as determined by the interbank rate. These rates did not comply with IAS 21- "Effects of Changes in Foreign Exchange Rates" as they were not the exchange rates for immediate delivery. The use of alternative market rates was not compliant with the law and as a result the Trustees had not attempted to estimate rates that may fairly reflect the results and state of these transactions and balances in compliance with IAS 21- "Effects of Changes in Foreign Exchange Rates". The effects of non-compliance with IAS 21- "Effects of Changes in Foreign Exchange Rates" was considered material but not pervasive to the financial statements.

ii. Revaluation of property, plant and equipment

The Trust performed a revaluation of property, plant and equipment as at September 30, 2022 in USD and translated the revalued amounts to ZWL$ using the interbank rate which was considered not to be in line with International Financial Reporting Standard (IFRS) 13- "Fair Value Measurement" requirements of determining the fair values. IFRS 13 – "Fair Value Measurement" requires 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 interest and the fair value should reflect the price that would be received to sell the asset in an orderly transaction in the principal market, regardless of whether the price is directly observable or estimated using another valuation technique.

As at September 30, 2022 there was no sufficient evidence to support the appropriateness of applying the closing interbank rate to determine the ZWL$ fair value of property, plant and equipment without any further adjustments to reflect how economic conditions within the country as at the measurement date would impact the assumptions that market participants would use pricing the assets. I could not determine the extent of adjustments necessary.

Below are other material issues noted during the audit;

1. GOVERNANCE ISSUES

1.1. Inventory reconciliations

Finding

The University Farm Trust had no effective inventory management system in place during the year. As a result, there was no evidence to support that stock reconciliations were being performed for the farm during the year.

Risk / Implication

Fraud and error might go undetected.

Misappropriation of inventory.

Recommendation

The Trust should strengthen its inventory management system.

Management response

Management notes this observation and is in agreement on the need for an effective inventory management system.

1.2. Delivery of goods

Finding

There was no evidence of due diligence by the Farm Trust on the procurement of chairs for the University of Zimbabwe's Innovation hub. As a result, the University Farm Trust made a prepayment of USD 107 339 to a foreign supplier on June 22, 2022 for the procurement of chairs to be used at UZ Innovation hub. The prepayment was processed after an initial payment of USD 97 346 had been done to another supplier for the purchase of similar chairs for the innovation hub. The Trust had not received any chairs paid for, from the first supplier and also no refunds were received from the supplier. Instead half of this amount was refunded by University of Zimbabwe to the Farm Trust in ZWL$ at the prevailing interbank rate.

In addition, the Trust had also not received the chairs on the second prepayment processed on June 22, 2022.

Risk / Implication

Misappropriation of funds.

Financial loss due to non-delivery of the chairs.

Recommendation

The Farm Trust should follow-up delivery of chairs from second supplier and recover the outstanding amount from the first supplier.

Investigations on the dual payments should be carried out.

Management response

This observation is noted. Although internal due diligence was done, the chairs paid for to the first supplier were never delivered as the company ceased operations and the University failed to recover the funds.

ANNEXURES

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**
		2023 AG report		**2022 AG report**		**2021 AG report**		**2020 AG report**		**2019 AG report**	
1.	Agricultural and Rural Development Authority (ARDA)	2021 2022 2023	Qualified due to non-compliance with IAS 8, IAS 21 and IAS 29, valuation of investment property and property, plant and equipment. Qualified due to non-compliance with IFRS 13 and IAS 16. Accounts not yet submitted.	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)	2022	Qualified due to non – compliance with IAS 40, IAS 8 and IAS 16.	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.

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**
		2023 AG report		**2022 AG report**		**2021 AG report**		**2020 AG report**		**2019 AG report**	
		2023	Accounts submitted and audit is in progress.								
3.	Broadcasting Authority of Zimbabwe (BAZ)	2019 2020 2021 2022 2023	Adverse due to non -compliance with IAS 21 and IAS 16. Qualified due to non -compliance with IAS 21 and valuation of property, plant and equipment with report on going concern. Accounts not yet submitted. Accounts not yet submitted. Accounts not yet submitted.	-	-	-	-	-	-	-	-
4.	Civil Aviation Authority of Zimbabwe	2020	Qualified due to non -compliance with IAS 21 with a	-	-	-	-	2019	Adverse due to non -compliance with	-	-

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**
		2023 AG report		**2022 AG report**		**2021 AG report**		**2020 AG report**		**2019 AG report**	
	(CAAZ)	 2021 2022 2023	report on going concern. Accounts not yet submitted. Accounts not yet submitted. Accounts not yet submitted.						IAS 21 with material uncertainty relating to going concern.		
5.	Environmental Management Agency (EMA)	2020 2021 2022 2023	Qualified due to non -compliance with IAS 21. Accounts submitted and audit in progress. Accounts not yet submitted. Accounts not yet submitted.	-	-	-	-	2019	Qualified due to non -compliance with IAS 21.	2018	Qualified due to non - compliance with IAS 21.
6.	Health Profession Authority of Zimbabwe (HPAZ)	2022	Qualified due to non– compliance with IAS 16 and IFRS 13.	2021	Unqualified	-	-	2019 2020	Adverse due to non -compliance with IAS 21. Qualified due to non -	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**
		2023 AG report		**2022 AG report**		**2021 AG report**		**2020 AG report**		**2019 AG report**	
		2023	Accounts submitted and audit in progress.						compliance with IAS 21 on opening balances.		
7.	Medicines Control Authority of Zimbabwe (MCAZ)	2022 2023	Unqualified Accounts submitted and audit in progress.	2021	Unqualified	-	-	2020	Qualified due to non -compliance with IAS 21 on opening balances.	2019	Adverse due to non - compliance with IAS 21.
8.	National Biotechnology Authority (NBA)	2021 2022 2023	Accounts submitted and audit in progress. Accounts submitted and audit in progress. Accounts not yet submitted.	-	-	2019 2020	Adverse due to non-compliance with IAS 21. Qualified due to non-compliance with IAS 21 on opening balance.	-	-	-	-
9.	National Social Security Authority (NSSA)	2021 2022	Qualified due to non-compliance with IFRS 13, IAS 21, IFRS 15, IAS 36 and IAS 16. Adverse due to non-compliance with IFRS 10, IFRS 3, IAS 28, suspense account.	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 "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**
		2023 AG report		**2022 AG report**		**2021 AG report**		**2020 AG report**		**2019 AG report**	
		2023	Accounts submitted and audit in progress.								
10.	Postal and Telecommunication Regulatory Authority of Zimbabwe (POTRAZ)	2022 2023	Unqualified Accounts submitted and audit in progress.	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.
11.	Procurement Regulatory Authority of Zimbabwe (PRAZ)	2022 2023	Qualified due to non– compliance with IFRS 13. Accounts submitted and audit in progress.	2021	Unqualified	-	-	2019	Adverse due to non -compliance with IAS 21.	2016 & 2017 2018	Qualified due to administration fees and cash. Adverse due to non - compliance with IAS 21.
12.	Radiation Protection Authority of Zimbabwe	2022 2023	Unqualified Accounts submitted and audit in progress.	2021	Unqualified	-	-	2020	Qualified due to non-compliance with IAS 21 on opening balances.	2018 & 2019	Adverse due to non - compliance with IAS 21.
13.	Zimbabwe Energy	2023	Unqualified	2022	Unqualified	2021	Qualified due to non- compliance with IAS 21 on	2020	Qualified due to non- compliance	2019	Adverse due to non - compliance

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**
		2023 AG report		**2022 AG report**		**2021 AG report**		**2020 AG report**		**2019 AG report**	
	Regulatory Authority (ZERA)						opening balances.		with IAS 21 on opening balances.		with IAS 21.
14.	Zimbabwe Investment Development Agency (ZIDA)	2022 2023	Qualified due to non – compliance with IFRS 13. Adverse due to IPSAS 46.	2021	Unqualified	-	-	2020	Qualified due to lack of revaluation of property plant and equipment.	2019	Adverse due to non - compliance with IAS 21.
15.	Zimbabwe National Road Administration (ZINARA)	2022 2023	Qualified due to non – compliance with IFRS 13 with report on going concern. Accounts submitted and audit in progress.	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.
16.	Zimbabwe National Statistics Agency (ZIMSTATS)	2022 2023	Qualified due to non -compliance with IAS 8, IAS 16 and IAS 36. Accounts not yet submitted.	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.
17.	Zimbabwe National Water Authority (ZINWA)	2022	Adverse due to non – compliance with IFRS 16, revenue, trade receivables, trade payables, IAS 2,	-	-	2021	Unqualified	2020	Unqualified with an Emphasis of matter.	2019	Unqualified with an Emphasis of matter.

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	Public Entity	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**
		2023 AG report		**2022 AG report**		**2021 AG report**		**2020 AG report**		**2019 AG report**	
		 2023	cash and cash equivalents with report on going concern. Accounts submitted and audit in progress.								
18.	Zimbabwe Parks and Wildlife Management Authority (ZIMPARKS)	2022 2023	Unqualified Accounts submitted and audit in progress.	2021	Unqualified	-	-	2019 2020	Adverse due to non- compliance with IAS 21. Adverse due to non-compliance with IAS 21 and revenue.	2018	Adverse due to non-compliance with IAS 21
19.	Zimbabwe Revenue Authority (ZIMRA)	2023	Qualified due to non-compliance with IFRS 13.	2022	Qualified due to non-compliance with IFRS 16 and IAS 21.	2021	Unqualified	2020	Adverse due to non- compliance with IAS 21 and IAS 36 .	2019	Adverse due to non-compliance with IAS 21.
20.	Zimbabwe Tourism Authority (ZTA)	2021 2022	Qualified due to non- compliance with IAS 21 and IAS 8. Accounts submitted and audit in progress.	-	-	2020	Adverse 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 with IAS 21.

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	Public Entity	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**
		2023 AG report		**2022 AG report**		**2021 AG report**		**2020 AG report**		**2019 AG report**	
		2023	Accounts not yet submitted.								
	BOARDS										
21.	Grain Marketing Board (GMB)	2021 2022 2023	Qualified due to non- compliance with IAS 21 and valuation of buildings. Accounts submitted and audit in progress. Accounts submitted and audit in progress.	2020	Adverse opinion due to non- compliance with IAS 21 and IAS 16.	-	-	-	-	2019	Adverse due to non - compliance with IAS 21.
22.	Lotteries And Gaming Board	2022 2023	Qualified due to non-compliance with IAS 21 , IAS 8 and IAS 29. Accounts submitted and audit in progress.	2021	Qualified due to non-compliance with IAS 21 on opening balances.	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.
23.	Pig Industry Board	2021 2022	Qualified due to non- compliance with IAS 21. Unqualified	-	-	2020	Qualified due to non- compliance with IAS 21 on opening balances.	2019	Qualified 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**
		2023 AG report		**2022 AG report**		**2021 AG report**		**2020 AG report**		**2019 AG report**	
		2023	Accounts submitted and audit in progress.								
24.	Tobacco Industry And Marketing Board (TIMB)	2022 2023	Qualified due to non-compliance with IFRS 13. Unqualified	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.	2018	Adverse due to non – compliance with IAS 21.
25.	Tobacco Research Board (TRB)	2023	Unqualified	2021 2022	Qualified due to non-compliance with IAS 21. Qualified due to non-compliance with IAS 21 and IAS 8.	-	-	2019 2020	Adverse due to non -compliance with IAS 21. Adverse due to non -compliance with IAS 21.	2018	Adverse due to non – compliance with IAS 21.
26.	Zimbabwe National Boxing and Wrestling Control Board	2020 2021 2022	Qualified due to opening balances. Unqualified Accounts submitted and audit in progress.	-	-	-	-	-	-	-	-

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**
		2023 AG report		**2022 AG report**		**2021 AG report**		**2020 AG report**		**2019 AG report**	
		2023	Accounts not yet submitted								
	COMMISSIONS										
27.	Competition And Tariff Commission	2023	Accounts submitted and audit in progress.	2021 2022	Unqualified Unqualified	-	-	2020	Qualified due to non- compliance with IAS 21	2019	Adverse due to non - compliance with IAS 21.
28.	Consumer Protection Commission	2021 2022 2023	Unqualified Unqualified Unqualified	-	-	-	-	-	-	-	-
29.	Forestry Commission	2021 2022	Qualified due to non -compliance with IAS 21 and IAS 8, IAS 16, IAS 36 and valuation of library books with report on going concern. Qualified due to non-compliance to IAS 8 and IAS 21, IAS 36 and IAS 16.	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.

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	Public Entity	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**
		2023 AG report		**2022 AG report**		**2021 AG report**		**2020 AG report**		**2019 AG report**	
		2023	Accounts not yet submitted.								
30.	Health Service Commission (formerly Health Service Board)	2022 2023	Unqualified Accounts submitted and audit in progress.	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.
31.	Insurance and Pensions Commission (IPEC)	2023	Unqualified	2022	Unqualified	2021	Qualified 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.
32.	National Competitiveness Commission (NCC)	2022 2023	Unqualified with report on going concern. Accounts submitted and audit in progress.	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.	-	-
33.	Securities and Exchange Commission of Zimbabwe (SECZ)	2023	Unqualified with a report on going concern.	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.
34.	Sports and Recreation	2022	Qualified due to non-compliance with IAS 21.	2021	Qualified due to non-	2020	Adverse due to non -compliance with IAS 21.	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**
		2023 AG report		**2022 AG report**		**2021 AG report**		**2020 AG report**		**2019 AG report**	
	Commission (SRC)	2023	Unqualified		compliance to IAS 21.						compliance with IAS 21.
35.	Zimbabwe Anti-Corruption Commission (ZACC)	2021 2022 2023	Accounts submitted and audit in progress. Accounts submitted and audit in progress. Accounts submitted and audit in progress.	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)	-	-
36.	Zimbabwe Electoral Commission (ZEC)	2022 2023	Qualified due to non – compliance with IAS 16 and IAS 36. Accounts not yet submitted.	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.	-	-	2016 2017 2018	Unqualified Unqualified Adverse due to IAS 21.
37.	Zimbabwe Media Commission	2022 2023	Qualified due to non – compliance with IAS 36. Accounts submitted and audit in progress.	2021	Unqualified	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.

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	Public Entity	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**
		2023 AG report		**2022 AG report**		**2021 AG report**		**2020 AG report**		**2019 AG report**	
COMPANIES AND CORPORATIONS											
38.	AFC Holdings Limited	2023	Unqualified	2022	Qualified due to processing suspense accounts of the subsidiary.	-	-	-	-	-	-
39.	AFC Insurance (Private) Limited Company	2023	Unqualified	2022	Unqualified	-	-	-	-	-	-
40.	AFC Leasing Company of Zimbabwe (Private) Limited	2023	Unqualified	2021 2022	Disclaimer due to accuracy of transactions. Qualified due to opening balances.	-	-	-	-	-	-
41.	Airports Company of Zimbabwe	2021 2022 2023	Accounts not yet submitted. Accounts not yet submitted. Accounts not yet submitted.	-	-	-	-	-	-	-	-
42.	Air Zimbabwe (Private) Limited	2020	Adverse due IAS 8 and IAS 2 with report on going concern.	2019	Disclaimer due to various issues.	-	-	2018	Disclaimer due to various issues.	2015-2017	Disclaimer on each year.

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	Public Entity	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**
		2023 AG report		**2022 AG report**		**2021 AG report**		**2020 AG report**		**2019 AG report**	
		2021 2022 2023	Unqualified report on going concern. Accounts submitted and audit in progress. Accounts not yet submitted.								
43.	Allied Timbers (Private) Limited	2022 2023	Qualified due to IAS 41 and IAS 16. Accounts submitted and audit in progress.	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.
44.	Apple Bridge (Private) Limited	2015 2016 2017 2018	Accounts not yet submitted. Accounts not yet submitted. Accounts not yet submitted. Accounts not yet submitted.	-	-	-	-	-	-	-	-

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	Public Entity	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**
		2023 AG report		**2022 AG report**		**2021 AG report**		**2020 AG report**		**2019 AG report**	
		2019 2020 2021 2022 2023	Accounts not yet submitted. Accounts not yet submitted. Accounts not yet submitted. Accounts not yet submitted. Accounts not yet submitted.								
45.	Chemplex Corporation Limited and its subsidiaries	2022 2023	Qualified due to non-compliance with IAS 21 and inclusion of Sable Chemical Industries Limited financial statements. Accounts submitted and audit in progress.	-	-	2021	Adverse due to non -compliance with IAS 21 and IAS 29.	2020	Adverse due to non -compliance with IAS 21 and IAS 29.	2018 & 2019	Adverse due to non - compliance with IAS 21.
46.	CMED (Private) Limited	2021	Qualified due to non-compliance with IFRS 13, IAS	2020	Qualified due to non-compliance	-	-	2019	Adverse due to non -compliance with IAS 21.	2018	Adverse due to non - compliance with IAS 21.

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	Public Entity	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**
		2023 AG report		**2022 AG report**		**2021 AG report**		**2020 AG report**		**2019 AG report**	
		 2022 2023	16, IAS 36 and IAS 8. Accounts submitted and audit in progress. Accounts submitted and audit in progress.		with IAS 21 and IAS 16.						
47.	CMED Fuels (Private) Limited	2021 2022 2023	Qualified due to non-compliance with IFRS 13, IAS 36 and IAS 8. Accounts submitted and audit in progress. Accounts submitted and audit in progress.	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.
48.	Courier Connect (Private) Limited	2017	Disclaimer due to limitation of scope on journal entry testing, other payables, inventory, litigation and claims, absence	-	-	-	-	-		-	-

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	Public Entity	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**
		2023 AG report		**2022 AG report**		**2021 AG report**		**2020 AG report**		**2019 AG report**	
			of third party confirmation on receivables, payables with report on going concern.								
		2018	Disclaimer due to non-compliance with IAS 21, IFRS 9, limitation of scope on journal entry testing, other payables, inventory, litigation and claims, absence of third party confirmation on receivables, payables with report on going concern.								
		2019	Accounts submitted and audit in progress.								

	Public Entity	FY	Opinion Issued	FY	Opinion Issued	FY	Opinion Issued	FY	Opinion Issued	FY	Opinion Issued
ANNEXURE "A": STATE OWNED ENTERPRISES AND PARASTATALS AUDIT OPINIONS PER ENTITY											
		2023 AG report		2022 AG report		2021 AG report		2020 AG report		2019 AG report	
		2020 2021 2022	Accounts submitted and audit in progress. Accounts submitted and audit in progress. Accounts now reported under ZIMPOST.								
49.	Defold Mines (Private) Limited	2020 2021 2022 2023	Qualified due to non-compliance with IFRS 10. Accounts submitted and audit in progress. Accounts not yet submitted. Accounts not yet submitted.	-	-	-	-	-		-	-
50.	Deven Engineering (Private) Limited	2023	Qualified due to non-compliance with IAS 21and IAS 8 with report on going concern.	2022	Qualified due to non-compliance with IAS 21.	2021	Unqualified	2019 2020	Adverse due to non -compliance with IAS 21. Adverse due to non -compliance	-	-

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	Public Entity	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**
		2023 AG report		**2022 AG report**		**2021 AG report**		**2020 AG report**		**2019 AG report**	
									with IAS 21.		
51.	Easy Go (Private) Limited	2021 2022 2023	Qualified due to non-compliance with IFRS 13, IAS 8, IAS 16 and IAS 36. Accounts submitted and audit in progress. Accounts submitted and audit in progress.	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.
52.	Genesis Energy (Private) Limited	2022 2023	Unqualified Unqualified	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.
53.	Hotspeck Enterprises (Private) Limited	2022 2023	Qualified due to non-compliance with IAS 2. Accounts submitted and audit in progress.	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.
54.	Hwange Electricity Supply Company	2022	Qualified due to non-compliance with IFRS 13 and IAS 21.	2021	Qualified due to non-compliance	-	-	2020	Adverse due to non -compliance with IAS 21 on opening balances.	2019	Adverse due to non – compliance with IAS 21.

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	Public Entity	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**
		2023 AG report		**2022 AG report**		**2021 AG report**		**2020 AG report**		**2019 AG report**	
	(Private) Limited (HESCO)	2023	Accounts submitted and audit in progress.		with IAS 21 and 29.						
55.	Industrial Development Corporation of Zimbabwe (IDCZ)	2022 2023	Qualified due to non –compliance with IAS 21, inclusion of unaudited financial statements for a subsidiary and IAS 29. Accounts submitted and audit in progress.	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.
56.	Infralink (Private) Limited	2022 2023	Qualified due to non- compliance with IAS 21 on opening balances with a report on going concern. Accounts submitted and audit in progress.	2021	Adverse due to non– compliance with IAS 21 and unrecorded tax liabilities.	-	-	-	-	2018	Disclaimer
57.	Kariba Hydro Power Company	2022	Qualified due to non-compliance with IAS 21 and IFRS 13.	2021	Qualified due to non – compliance with IAS 21,	-	-	2020	Adverse due to non –compliance with IAS 21 on opening balances.	2019	Adverse due to non – compliance with IAS 21.

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	Public Entity	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**
		2023 AG report		**2022 AG report**		**2021 AG report**		**2020 AG report**		**2019 AG report**	
		2023	Accounts submitted and audit in progress.		IAS 8, IAS 29 and valuation of property, plant and equipment.						
58.	Mellofieldde Chemicals (Private) Limited	2022 2023	Unqualified with report on going concern. Accounts submitted and audit in progress.	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.
59.	Minerals Marketing Corporation of Zimbabwe (MMCZ)	2022 2023	Unqualified Accounts submitted and audit in progress.	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.
60.	Mining Promotion Corporation (Private) Limited (MPC)	2023	Unqualified	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.

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	Public Entity	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**
		2023 AG report		**2022 AG report**		**2021 AG report**		**2020 AG report**		**2019 AG report**	
61.	Mosi- Oa Tunya Development Company (Private) Limited	2021 2022 2023	Qualified due to non –compliance with IFRS 13. Accounts submitted and audit in progress. Accounts not yet submitted.	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.
62.	National Handling Services (Private) Limited	2022 2023	Disclaimer due to non- compliance with IFRS 3, IFRS 10 and IAS 2. Accounts submitted and audit in progress.	2020 2021	Adverse due to non-compliance with IAS 21, IAS16. Adverse due to 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
63.	National Handling Services Close Corporation (CC)	2019 2020	Accounts submitted and audit in progress. Accounts submitted and audit in progress.	-	-	-	-	-	-	-	-

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	Public Entity	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**
		2023 AG report		**2022 AG report**		**2021 AG report**		**2020 AG report**		**2019 AG report**	
		2021 2022 2023	Accounts submitted and audit in progress. Accounts submitted and audit in progress. Accounts not yet submitted.								
64.	National Oil Infrastructure Company (Private) Limited (NOIC)	2022 2023	Qualified due to valuation of property, plant and equipment. Unqualified	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.
65.	National Pharmaceutical Company (NATPHARM)	2022 2023	Qualified due to non-compliance to IAS 8 and IAS 21. Unqualified	-	-	2021	Qualified due to non-compliance to IAS 21 on opening balances.	2019 2020	Adverse due to non –compliance with IAS 21. Adverse due to non –compliance with IAS 21.	2018	Adverse due to non – compliance with IAS 21.
66.	National Railways of Zimbabwe (NRZ)	2021	Adverse due to non –compliance with IAS 21, valuation of loans and borrowings, IAS 16, IAS 40, intangible assets,	-	-	-	-	2020	Adverse due to non –compliance with IAS 21, valuation of loans and borrowings, valuation of property, plant and	2019	Adverse due to non – compliance with IAS 21, valuation of loans and borrowings,

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	Public Entity	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**
		2023 AG report		**2022 AG report**		**2021 AG report**		**2020 AG report**		**2019 AG report**	
		 2022 2023	misstatement of receivables and revenue, payables and expenses, valuation of inventory, IAS 19 with report on going concern. Accounts submitted and audit in progress. Accounts not yet submitted.						equipment, conversion losses and unrealized exchange gains on translation of foreign loans, accrued interest on loans, valuation of investment property, IAS 2, IAS 19 with material uncertainty regarding tax liability and with report on going concern.		valuation of property, plant and equipment, conversion losses and unrealized exchange gains with material uncertainty relating to going concern.
67.	NetOne Cellular (Private) Limited	2022 2023	Qualified due to non-compliance to IAS 21, and valuation of property, plant and equipment with a report on going concern. Accounts submitted and audit in progress.	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.

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	Public Entity	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**
		2023 AG report		**2022 AG report**		**2021 AG report**		**2020 AG report**		**2019 AG report**	
68.	New Ziana (Private) Limited	2020 2021 2022 2023	Adverse due to non –compliance with IAS 21 and valuation of property, plant and equipment with a report on going concern. Accounts not yet submitted. Accounts not yet submitted. Accounts not yet submitted.	2019	Adverse opinion due to non-compliance with IAS 21, and valuation of assets.	-	-	-	-	2018	Adverse due to non –compliance with IAS 21.
69.	Petrotrade (Private) Limited	2022 2023	Accounts submitted and audit in progress. Accounts submitted and audit in progress.	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.
70.	Petrozim line (Private) Limited	2022	Qualified due to valuation of property, plant and equipment.	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

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	Public Entity	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**
		2023 AG report		**2022 AG report**		**2021 AG report**		**2020 AG report**		**2019 AG report**	
		2023	Unqualified								
71.	Post Properties (Private) Limited	2017 2018 2019	Disclaimer due to IAS 16, cash and cash equivalents, trade and other receivables, payables, IAS 37 limitation of scope with a report on going concern. Disclaimer due to IAS 21, IFRS 9, IAS 16, IAS 37, cash and cash equivalents, trade payables, trade receivables, expenses, prepayments, contingent liability, limitation of scope with a report on going concern. Accounts submitted and audit in progress.	-	-	-	-	-	-	-	-

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	Public Entity	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**
		2023 AG report		**2022 AG report**		**2021 AG report**		**2020 AG report**		**2019 AG report**	
		2020 2021 2022	Accounts submitted and audit in progress. Accounts submitted and audit in progress. Account now reported under ZIMPOST.								
72.	Powertel Communications (Private) Limited	2022 2023	Qualified due to valuation of property, plant and equipment with report on going concern. Accounts submitted and audit in progress.	2021	Qualified due to non - compliance with IAS 21, 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
73.	Printflow (Private) Limited	2022 2023	Qualified due to non- compliance with IFRS 13. Accounts not yet submitted.	2021	Unqualified	-	-	2019 2020	Adverse due to non –compliance with IAS 21. Qualified due to non-compliance with IAS 21.	-	-
74.	Rainbow Tourism Group	2023	Unqualified	-	-	-	-	-	-	-	-

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	Public Entity	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**
		2023 AG report		**2022 AG report**		**2021 AG report**		**2020 AG report**		**2019 AG report**	
75.	Road Motor Services (RMS)	2021 2022 2023	Accounts not yet submitted. Accounts not yet submitted. Accounts not yet submitted.	-	-	2018 2019	Adverse due to non –compliance with IAS 21 and with report on going concern. Adverse due to non –compliance with IAS 21 and with report on going concern.	-	-	-	-
76.	Sabi Gold Mine (Kimberworth Investment) (Private) Limited	2022 2023	Unqualified Unqualified with report on going concern.	-	-	2017 2018 2019 2020 2021	Unqualified Adverse due to non –compliance with IAS 21 with report on going concern. Adverse due to non –compliance with IAS 21. Adverse due to non –compliance with IAS 21. Qualified due to non- compliance with IAS 21 with	-	-	-	-

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	Public Entity	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**
		2023 AG report		**2022 AG report**		**2021 AG report**		**2020 AG report**		**2019 AG report**	
							report on going concern.				
77.	Silo Foods Industries (Private) Limited	2022 2023	Accounts not yet submitted. Accounts not yet submitted.	2021	Qualified due to non - compliance with IFRS 16.	2020	Adverse due to non –compliance with IAS 21.	-	-	-	-
78.	Sunway City (Private) Limited	2022 2023	Qualified due to non- compliance with IAS 21. Qualified due to non- compliance with IAS 21.	-	-	2021	Adverse due to non –compliance with IAS 21, IAS 29 and IFRS 13.	2020	Adverse due to non –compliance with IAS 21, IAS 29 and with an emphasis of matter.	2019	Adverse due to non – compliance with IAS 21.
79.	Technological and Commercial Information Promotion Systems (TIPS)	2023	Unqualified	2022	Unqualified	-	-	-	-	-	-
80.	TelOne (Private) Limited	2023	Unqualified with an emphasis of matter.	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 report on going concern. Adverse due to non – compliance with IAS 21.

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	Public Entity	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**
		2023 AG report		**2022 AG report**		**2021 AG report**		**2020 AG report**		**2019 AG report**	
81.	Transmedia Corporation	2023	Accounts submitted and audit in progress.	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.
82.	Urban Development Corporation (UDCORP)	2021 2022 2023	Adverse due to non - compliance to IAS 21, IAS 8, IAS 29 and IAS 40. Adverse due to non- compliance to IAS 21, IAS 8 and IFRS 13. Accounts submitted and audit in progress.	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.	-	-
83.	Verify Engineering (Private) Limited	2019	Adverse due to non-compliance with IAS 21, IAS 2, IAS 37 with report on going concern.								

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	Public Entity	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**
		2023 AG report		**2022 AG report**		**2021 AG report**		**2020 AG report**		**2019 AG report**	
		2020 2021 2022 2023	Adverse due to non-compliance with IAS 21, IAS 37, revenue and report on going concern. Adverse due to non-compliance with IAS 21, IFRS 16, IAS 37, and report on going concern. Accounts submitted and audit in progress. Accounts not yet submitted.								
84.	Willowvale Motor Industries (Private) Limited	2022 2023	Qualified due to non-compliance with IAS 21. Qualified due to non-compliance with IAS 21 with a report on going concern.	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.

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	Public Entity	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**
		2023 AG report		**2022 AG report**		**2021 AG report**		**2020 AG report**		**2019 AG report**	
85.	Woodlands Farm Private) Limited	2022 2023	Qualified due to shareholder loan and unsupported expenditure. Accounts submitted and audit in progress	-	-	-	-	-	-	-	-
86.	ZESA Enterprises (Private) Limited (ZENT)	2022 2023	Qualified due to non -compliance with IAS 21. Accounts submitted and audit in progress.	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.
87.	ZESA Holdings (Private) Limited	2022 2023	Qualified due to non-compliance with IFRS 13, IAS 29, IAS 21, and IAS 8 with report on going concern. Accounts submitted and audit in progress.	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
88.	Zimbabwe Academic and Research Network	2020	Accounts submitted and audit in progress	2018	Adverse due to non-compliance with IAS 21	-	-	-	-	-	-

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	Public Entity	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**
		2023 AG report		**2022 AG report**		**2021 AG report**		**2020 AG report**		**2019 AG report**	
	(ZARNet) (Private) Limited	2021 2022 2023	Accounts not yet submitted. Accounts not yet submitted. Accounts not yet submitted.	2019	Adverse due to non-compliance with IAS 21, IAS 8.						
89.	Zimbabwe Broadcasting Corporation (ZBC)	2020 2021 2022 2023	Adverse due to IAS 21. Qualified due to IAS 21, IAS 8, IAS 16, IAS 36, IFRS 16 and revenue. Qualified due to IAS 21, IAS 8, IAS 16, IAS 36, IFRS 16 and revenue. Accounts not yet submitted.	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.
90.	Zimbabwe Consolidated Diamond Company (ZCDC)	2022	Adverse due to IAS 21.	2021	Adverse due to non – compliance with IAS 21.	-	-	2020	Unqualified with an emphasis of matter.	2018	Adverse due to non - compliance with IAS 21.

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	Public Entity	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**
		2023 AG report		**2022 AG report**		**2021 AG report**		**2020 AG report**		**2019 AG report**	
		2023	Accounts submitted and audit in progress.							2019	Adverse due to non - compliance with IAS 21.
91.	Zimbabwe Electricity Transmission and Distribution Company (ZETDC)	2022 2023	Qualified due to non - compliance with IAS 21, IAS 29 and IFRS 13. Accounts submitted and audit in progress.	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
92.	Zimbabwe Mining Development Corporation (ZMDC)	2022 2023	Adverse due to non –compliance with IAS 21. Accounts submitted and audit in progress.	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 with IAS 21.
93.	Zimbabwe Post (Private) Limited (ZIMPOST)	2017	Disclaimer due to IAS 16, cash and cash equivalents, limitation of scope with a report on going concern.	-	-	-	-	-	-	-	-

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	Public Entity	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**
		2023 AG report		**2022 AG report**		**2021 AG report**		**2020 AG report**		**2019 AG report**	
		2018	Disclaimer due to IAS 21, IFRS 9, IAS 16, cash and cash equivalents, trade payables, trade receivables, expenses, prepayments, contingent liability, limitation of scope with a report on going concern.								
		2019	Accounts submitted and audit in progress.								
		2020	Accounts submitted and audit in progress.								
		2021	Accounts submitted and audit in progress.								
		2022	Accounts submitted and audit in progress.								

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	Public Entity	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**
		2023 AG report		**2022 AG report**		**2021 AG report**		**2020 AG report**		**2019 AG report**	
		2023	Accounts submitted and audit in progress.								
94.	Zimbabwe Power Company (Private) Limited (ZPC)	2022 2023	Qualified due to non – compliance with IAS 21 with report on going concern. Accounts submitted and audit in progress.	2021	Qualified 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.
95.	Zimbabwe United Passenger Company (ZUPCO)	2021 2022 2023	Adverse due to with IAS 21, IAS 24, IAS 40, cost of sales, trade payables, trade receivables and private hire revenue with report on going concern. Accounts submitted and audit in progress. Accounts not yet submitted.	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.

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	Public Entity	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**
		2023 AG report		**2022 AG report**		**2021 AG report**		**2020 AG report**		**2019 AG report**	
COUNCILS											
96.	Agricultural Research Council of Zimbabwe	2021 2022 2023	Qualified due to non -compliance with IAS 21. Accounts not yet submitted. Accounts not yet submitted.	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
97.	Allied Health Practitioners Council (AHPC)	2021 2022 2023	Qualified due to non -compliance with IAS 21. Accounts submitted and audit in progress. Accounts not yet submitted.	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.	-	-
98.	Consumer Council Of Zimbabwe (CCZ)	2022 2023	Unqualified Qualified due to unsupported expenditure.	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

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	Public Entity	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**
		2023 AG report		**2022 AG report**		**2021 AG report**		**2020 AG report**		**2019 AG report**	
99.	Environmental Health Practitioners Council of Zimbabwe	2021 2022 2023	Adverse due to non- compliance with IAS 21, IAS 16, revenue recognition, IFRS 9 and IAS 29. Accounts submitted and audit in progress. Accounts not yet submitted.	2019 2020	Adverse due to non-compliance with IAS 21. Qualified due to non-compliance with IAS 21 on opening balances.	-	-	-	-	-	-
100.	Food and Nutrition Council (FNC)	2023	Unqualified	2022	Unqualified	-	-	-	-	-	-
101.	Medical and Dental Practitioners Council	2022 2023	Qualified due to non – compliance with IAS 21, IAS 8 and IAS 29. Accounts submitted and audit in progress.	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.
102.	Medical Laboratory and Clinical Scientists Council of Zimbabwe (MLCSCZ)	2022	Adverse due to non-compliance with IAS 21 and IAS 29.	2019	Adverse due to non-compliance with IAS 21 and IAS 16 valuation of	-	-	-	-	2018	Adverse due to non - compliance with IAS 21.

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	Public Entity	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**
		2023 AG report		**2022 AG report**		**2021 AG report**		**2020 AG report**		**2019 AG report**	
		2023	Accounts submitted and audit in progress.	 2020 2021	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.						
103.	Medical Rehabilitation Practitioners Council of Zimbabwe (MRPCZ)	2021 2022	Adverse due to non – compliance with IAS 16, IAS 21, IAS 29 and IFRS 13. Adverse due to non- compliance with IAS 21 and IAS 16.	-	-	2019 2020	Adverse due to non – compliance with IAS 21. Adverse due to non- compliance with IAS 21.	-	-	2015 2016 2017 2018	Unqualified Unqualified Unqualified Adverse due to non - compliance with IAS 21.

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	Public Entity	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**
		2023 AG report		**2022 AG report**		**2021 AG report**		**2020 AG report**		**2019 AG report**	
		2023	Accounts not yet submitted.								
104.	National AIDS Council of Zimbabwe (NAC)	2022 2023	Qualified due to non -compliance with IAS 2, IAS 16, IAS 36 and IFRS 13. Accounts submitted and audit in progress.	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.
105.	National Arts Council of Zimbabwe	2021 2022 2023	Qualified due to IAS 21, IAS 8 and IAS 16. Accounts not yet submitted. Accounts not yet submitted.	-	-	2020	Qualified due to non -compliance with IAS 21.	2019	Adverse due to non -compliance with IAS 21.	-	-
106.	Nurses Council of Zimbabwe (NCZ)	2021 2022	Accounts submitted and audit in progress. Accounts submitted and audit in progress.	2019 2020	Adverse due to non – compliance with IAS 21. Qualified due to non-compliance	-	-	-	-	2018	Adverse due to non - compliance with IAS 21.

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	Public Entity	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**
		2023 AG report		**2022 AG report**		**2021 AG report**		**2020 AG report**		**2019 AG report**	
		2023	Accounts not yet submitted.		with IAS 21, trade receivables.						
107.	Pharmacists Council of Zimbabwe	2022 2023	Qualified due to non-compliance with IAS 21, IAS 29 and unsupported sundry expenses. Accounts submitted and audit in progress.	2021	Adverse due to non-compliance with IAS 21, suspense account and trade and other payables.	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
108.	Research Council of Zimbabwe	2022 2023	Unqualified Accounts submitted and audit in progress.	-	-	2021	Unqualified	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.
109.	Traditional Medical Practitioners Council	2022	Adverse due to non- compliance with IAS 1 and IAS 21.	-	-	-	-	-	-	-	-

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		2023 AG report		**2022 AG report**		**2021 AG report**		**2020 AG report**		**2019 AG report**	
		2023	Accounts submitted and audit in progress.								
110.	Traffic Safety Council of Zimbabwe	2023	Accounts submitted and audit in progress.	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
111.	Valuers Council of Zimbabwe	2019 2020	Adverse due to non-compliance with IAS 21, IAS 29, IFRS 9 and valuation of property, plant and equipment. Adverse due to non-compliance with IAS 21 on opening balances, IAS 29, IFRS 9 and valuation of property, plant and equipment.	-	-	-	-	-	-	-	-

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	Public Entity	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**
		2023 AG report		**2022 AG report**		**2021 AG report**		**2020 AG report**		**2019 AG report**	
		2021 2022 2023	Adverse due to non-compliance with IAS 21 on opening balances, IAS 29, IFRS 9 and valuation of property, plant and equipment. Accounts submitted and audit in progress. Accounts submitted and audit in progress.								
112.	Zimbabwe Council of Higher Education (ZIMCHE)	2022 2023	Qualified due to non- compliance to IFRS 13. Accounts submitted and audit in progress.	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.

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	Public Entity	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**
		2023 AG report		**2022 AG report**		**2021 AG report**		**2020 AG report**		**2019 AG report**	
113.	Zimbabwe National Family Planning Council (ZNFPC)	2022 2023	Unqualified Accounts submitted and audit in progress.	2021	Qualified opinion due to non-compliance with IAS 21.	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.
114.	Zimbabwe School Examinations Council (ZIMSEC)	2021 2022 2023	Qualified opinion due to non-compliance with IAS 21. Qualified opinion due to non-compliance with IAS 21. Accounts yet not submitted.	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.
115.	Zimbabwe Youth Council (ZYC)	2020 2021	Qualified due to non-compliance with IAS 21, IAS16 and supporting documents. Qualified due to non-compliance with IAS 21, IAS16 and supporting documents.	-	-	2018 2019	Adverse due to non-compliance with IAS 21. Adverse due to non-compliance with IAS 21.	-	-	2016 2017	Unqualified Unqualified

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		2023 AG report		**2022 AG report**		**2021 AG report**		**2020 AG report**		**2019 AG report**	
		2022 2023	Accounts yet not submitted. Accounts yet not submitted.								
FINANCIAL INSTITUTIONS											
116.	AFC Commercial Bank Limited (AFC)	2023	Unqualified	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.
117.	AFC Land and Development Bank (Private) Limited	2023	Unqualified	2022	Unqualified	-	-	-	-	-	-
118.	Deposit Protection Corporation (DPC)	2023	Unqualified	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.

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	Public Entity	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**	**FY**	**Opinion Issued**
		2023 AG report		**2022 AG report**		**2021 AG report**		**2020 AG report**		**2019 AG report**	
119.	EmpowerBank Limited	2023	Qualified due to non-compliance to IAS 21, IFRS 13 and IAS 29.	2022	Qualified due to 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.
120.	Infrastructure Development Bank of Zimbabwe (IDBZ)	2023	Qualified due to valuation of investment property and valuation of unquoted shares.	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.
121.	National Building Society (NBS)	2022 2023	Qualified due to non –compliance with IAS 8 and IFRS 13, IAS 40, IFRS 2 and unsupported suspense account. Qualified due to IFRS 13, IAS 16, completeness of	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.

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**
		2023 AG report		**2022 AG report**		**2021 AG report**		**2020 AG report**		**2019 AG report**	
			property, plant and equipment.								
122.	People's Own Savings Bank (POSB)	2023	Unqualified	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.
123.	Small and Medium Enterprise Development Corporation (SMEDCO)	2022 2023	Unqualified Accounts submitted and audit in progress.	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.
124.	Zimbabwe Women's Microfinance Bank (ZWMB)	2022 2023	Unqualified with report on going concern. Qualified due to IFRS 13 and IFRS 16.	2021	Unqualified	-	-	2020	Qualified due to non -compliance with IAS 21 on opening balances.	2019	Adverse due to non - compliance with IAS 21.
FUNDS											
125.	Agricultural Marketing Fund	2022 2023	Unqualified Accounts submitted and audit in progress.	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 -

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**
		2023 AG report		**2022 AG report**		**2021 AG report**		**2020 AG report**		**2019 AG report**	
											compliance with IAS 21.
126.	Aviation Infrastructure Development Fund (AIDEF)	2020 2021 2022 2023	Qualified due to IAS 21. Accounts not yet submitted. Accounts not yet submitted. Accounts not yet submitted.	-	-	-	-	-	-	-	-
127.	Investor Protection Fund (IPF)	2023	Accounts submitted and audit in progress.	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.
128.	Lake Kariba Fisheries Research Institute	2022 2023	Unqualified Accounts submitted and audit in progress.	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**
		2023 AG report		**2022 AG report**		**2021 AG report**		**2020 AG report**		**2019 AG report**	
129.	Rhodes Matopos Estate Fund	2022 2023	Unqualified Accounts submitted and audit in progress.	2021	Unqualified	2020	Qualified due to non-compliance with IAS 21 on opening balances.	-	-	2019	Adverse due to non - compliance with IAS 21.
130.	Rhodes Nyanga Estate Fund	2022 2023	Unqualified Unqualified	2021	Unqualified	2020	Qualified due to non-compliance with IAS 21.	-	-	2019	Adverse due to non - compliance with IAS 21.
131.	Rural Electrification Fund (Former REA)	2022 2023	Qualified due to IFRS 13 and land ownership. Accounts submitted and audit in progress.	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.
132.	State Lotteries Fund	2020 2021 2022	Qualified due to non – compliance with IAS 21 and IAS 16. Qualified due to non – compliance with IAS 21 and IAS 16 with report on going concern. Accounts submitted and audit in progress.	-	-	2019	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**
		2023 AG report		**2022 AG report**		**2021 AG report**		**2020 AG report**		**2019 AG report**	
		2023	Accounts submitted and audit in progress.								
133.	Universal Services Fund (USF)	2022 2023	Unqualified Accounts submitted and audit in progress.	2021	Unqualified	-	-	2020	Qualified due to non-compliance with IAS 21 on opening balances.	2018 & 2019	Adverse due to non - compliance with IAS 21.
134.	Zimbabwe Manpower Development Fund (ZIMDEF)	2022 2023	Unqualified Accounts submitted and audit in progress.	2021	Unqualified	2020	Qualified due to non -compliance with IAS 21.	-	-	-	-
HOSPITALS											
135.	Chitungwiza Central Hospital	2020 2021	Disclaimer due to completeness of accounting records, IFRS 15, Limitation of scope, IAS 16, IAS 21 and IAS 29, trial balance not agreeing with ledgers. Accounts not yet submitted.	-	-	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**
		2023 AG report		**2022 AG report**		**2021 AG report**		**2020 AG report**		**2019 AG report**	
		2022 2023	Accounts not yet submitted. Accounts not yet submitted.								
136.	Ingutsheni Central Hospital	2020 2021 2022 2023	Adverse due to non-compliance with IAS 21, IAS 16, inventory, IFRS 9 and IAS 29. Accounts submitted and audit in progress. Accounts not yet submitted. Accounts not yet submitted.	-	-	2018 2019	Adverse due to non -compliance with IAS 21. Adverse due to non -compliance with IAS 21.	-	-	-	-
137.	Mpilo Central Hospital	2021	Adverse due to non – compliance with IAS 21, donations, property, plant and equipment, IFRS 9 and IAS 2.	-	-	2020	Adverse due to • non – compliance with IAS 21 •completeness of donations •Completeness &valuation of trade payables	2019	Adverse due to non -compliance with IAS 21 and IAS 16.	2017 2018	Qualified 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**
		2023 AG report		**2022 AG report**		**2021 AG report**		**2020 AG report**		**2019 AG report**	
		2022 2023	Adverse due to non – compliance with IAS 21, donations, trade payables and receivables, property, plant and equipment, IFRS 9 and IAS 2. Accounts submitted and audit in progress.				•Completeness & valuation of PPE • Non-compliance with IFRS 9 and IAS 29 • Valuation& occurrence of inventory.				
138.	Parirenyatwa Group of Hospitals	2022 2023	Qualified due to non- compliance with IAS 16. Accounts submitted and audit in progress.	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.
139.	Sally Mugabe Central Hospital	2022	Adverse due to non –compliance with IAS 21, trade receivables, IFRS 9, IAS 2 and donations valuations.	2020 2021	Adverse due to non – compliance with IAS 21 and IAS 29. Adverse due to non –	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.

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**
		2023 AG report		**2022 AG report**		**2021 AG report**		**2020 AG report**		**2019 AG report**	
		2023	Accounts not yet submitted.		compliance with IAS 21 and IAS 29.						Adverse due to non – compliance with IAS 21.
140.	United Bulawayo Hospitals (UBH)	2021 2022	Disclaimer due to property, plant and equipment, working progress and completed capital projects, retention liabilities, IFRS 9, IAS 2, IFRS 15, trade receivables, donations and deferred income, trade payables and expense with report on going concern. Disclaimer due to property, plant and equipment, working progress, retention liabilities, IFRS 9, IAS 2, IFRS 15, trade receivables, trade payables	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.

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**
		2023 AG report		**2022 AG report**		**2021 AG report**		**2020 AG report**		**2019 AG report**	
		 2023	and expense with report on going concern. Accounts not yet submitted for audit.								
TERTIARY INSTITUTIONS											
141.	Bindura University of Science Education	2022 2023	Qualified due to non - compliance with IFRS 10 and IFRS 13. Accounts submitted and audit in progress.	2021	Unqualified	-	-	2019 2020	Adverse due to non -compliance with IAS 21. Qualified due to Non-compliance with IAS 21 on opening balances.	-	-
142.	Chinhoyi University of Technology (CUT)	2022 2023	Qualified due to non - compliance with IAS 21, IFRS 11 and IFRS 13. Accounts submitted and audit in progress.	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.
143.	Chinhoyi University of Technology Hotel Trust	2022	Qualified 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**
		2023 AG report		**2022 AG report**		**2021 AG report**		**2020 AG report**		**2019 AG report**	
		2023	Accounts submitted and audit in progress.								
144.	Great Zimbabwe University	2022 2023	Qualified due to non - compliance with IAS 20. Accounts submitted and audit in progress.	2021	Unqualified	-	-	2020	Unqualified with an emphasis matter on IAS 21	2019	Adverse due to non - compliance with IAS 21
145.	Gwanda State University	2022 2023	Qualified due to valuation of property, plant and equipment. Unqualified	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	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.

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**
		2023 AG report		**2022 AG report**		**2021 AG report**		**2020 AG report**		**2019 AG report**	
					property, plant and equipment.						
146.	Harare Institute of Technology	2022 2023	Unqualified Accounts submitted and audit in progress.	2021	Qualified due to non-compliance with IAS 21, 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
147.	Lupane State University	2022 2023	Disclaimer due to receivables, revenue and property, plant and equipment. Accounts submitted and audit in progress.	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.
148.	Management Training Bureau (MTB)	2022 2023	Qualified due to IFRS 13. Accounts submitted and audit in progress.	2021	Unqualified	-	-	-	-	-	-
149.	Manicaland State University of Applied Sciences	2021	Adverse due to non-compliance with IAS 21.	2020	Adverse due to non-compliance with IAS 21 and IAS 29.	-	-	-	-	2019	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**
		2023 AG report		**2022 AG report**		**2021 AG report**		**2020 AG report**		**2019 AG report**	
		2022 2023	Accounts submitted and audit in progress. Accounts not yet submitted.								
150.	Marondera University of Agricultural Sciences and Technology	2023	Unqualified	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	-	-
151.	Midlands State University	2023	Unqualified	2021 2022	Qualified due to due to non –compliance with IAS 21. 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.
152.	National University of Science and Technology (NUST)	2022 2023	Qualified due to non –compliance with IAS 21 and valuation of motor vehicles. Accounts submitted and audit in progress.	2021	Disclaimer due to various issues.	2020	Disclaimer due to various issues.	2019	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**
		2023 AG report		**2022 AG report**		**2021 AG report**		**2020 AG report**		**2019 AG report**	
153.	School of Hospitality and Tourism	2020 2021 2022 2023	Adverse due to non – compliance with IAS 21, IAS 8, IAS 16 and IFRS 9. Accounts not yet submitted. Accounts not yet submitted. Accounts not yet submitted.	-	-	-	-	2019	Adverse due to non -compliance with IAS 21.	2018	Adverse due to non - compliance with IAS 21.
154.	University of Zimbabwe (UZ)	2022 2023	Qualified due to non-compliance with IFRS 13. Accounts submitted and audit in progress.	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.
155.	University of Zimbabwe Specific Funds	2022 2023	Qualified due to non-compliance with IAS 21. Accounts submitted and audit in progress.	-	-	-	-	-	-	-	-

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**
		2023 AG report		**2022 AG report**		**2021 AG report**		**2020 AG report**		**2019 AG report**	
156.	Zimbabwe Institute of Public Administration (ZIPAM)	2023	Accounts submitted and audit in progress.	2021 2022	Unqualified Unqualified	-	-	2019 2020	Adverse due to non -compliance with IAS 21. Qualified due to non -compliance with IAS 21.	-	-
157.	Zimbabwe National Defence University	2017 2018 2019 2020 2021 2022 2023	Accounts submitted and audit in progress. Accounts submitted and audit in progress. Accounts not yet submitted. Accounts not yet submitted. Accounts not yet submitted. Accounts not yet submitted. Accounts not yet submitted.	-	-	-	-	-	-	-	-

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**
		2023 AG report		**2022 AG report**		**2021 AG report**		**2020 AG report**		**2019 AG report**	
158.	Zimbabwe Open University (ZOU)	2023	Unqualified	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.
159.	Zimbabwe School of Mines (ZSM)	2022 2023	Qualified due to un-receipted tuition fees, non-compliance with IAS 36, donations, with a report on going concern. Accounts not yet submitted.	2020 2021	Qualified due to non-compliance with IAS 21 on opening balances, IAS 16 and IAS 36. Qualified due to non-compliance IAS 16 and IAS 36.	2019	Adverse due to non - compliance with IAS 21.	-	-	-	-
OTHER											
160.	Chinhoyi University of Technology Farm Trust	2022 2023	Qualified due to non- compliance with IAS 21. Accounts submitted and audit in progress.	-	-	-	-	-	-	-	-

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**
		2023 AG report		**2022 AG report**		**2021 AG report**		**2020 AG report**		**2019 AG report**	
161.	National Gallery of Zimbabwe	2020 2021 2022 2023	Adverse due to non -compliance with IAS 21. Qualified due to non -compliance with IAS 16 and IAS 21. Qualified due to non -compliance with IAS 16. Accounts submitted and audit in progress.	-	-	-	-	-	-	-	-
162.	National Handcraft Centre	2019 2020 2021	Accounts submitted and audit is in progress. Accounts submitted and audit is in progress. Accounts submitted and audit is in progress.	-	-	-	-	-	-	-	-

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**
		2023 AG report		**2022 AG report**		**2021 AG report**		**2020 AG report**		**2019 AG report**	
		2022 2023	Accounts not yet submitted. Accounts not yet submitted.								
163.	National Libraries and Documentation Services	2017 2018 2019 2020 2021 2022 2023	Accounts not yet submitted. Accounts not yet submitted. Accounts not yet submitted. Accounts not yet submitted. Accounts not yet submitted. Accounts not yet submitted. Accounts not yet submitted.	-	-	-	-	-	-	2009 - 2016	Accounts not yet submitted.
164.	National Museums and Monuments of Zimbabwe	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.	2016	Unqualified 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**
		2023 AG report		**2022 AG report**		**2021 AG report**		**2020 AG report**		**2019 AG report**	
	(NMMZ)	2021 2022 2023	Adverse due to non- compliance with IFRS 13. Accounts submitted and audit in progress. Accounts not yet submitted.							2017	Unqualified with emphasis of matter
165.	Scientific Industrial Research and Development Centre (SIRDC)	2023	Unqualified	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.
166.	University of Zimbabwe Farm Trust	2022 2023	Qualified due to non- compliance with IAS 21 and IFRS 13. Accounts submitted and audit in progress.	-	-	-	-	-	-	-	-

ANNEXURE “B”: AUDITS IN PROGRESS AND BEING FINALISED

ANNEXURE “B”: AUDITS IN PROGRESS AND BEING FINALISED		
	ENTITY	YEAR
1.	Agricultural Marketing Authority	2023
2.	Agricultural Marketing Fund	2023
3.	Air Zimbabwe (Private) Limited	2022
4.	Allied Health Practitioners Council of Zimbabwe (HPCZ)	2022
5.	Allied Timbers (Private) Limited	2023
6.	Bindura University of Science Education (BUSE)	2023
7.	Chemplex Corporation	2023
8.	Chinhoyi University Farm Trust	2023
9.	Chinhoyi University Hotel Trust	2023
10.	Chinhoyi University of Technology	2023
11.	CMED (Private) Limited	2022 & 2023
12.	CMED Fuels (Private) Limited	2022 & 2023
13.	Competition and Tariff Commission	2023
14.	Courier Connect (Private) Limited	2019-2021
15.	Defold Mines (Private) Limited	2021
16.	Easy Go Car Hire and Travel (Private) Limited	2022 & 2023
17.	Environmental Health Practitioners Council of Zimbabwe (EHPCZ)	2022
18.	Environmental Management Agency (EMA)	2021
19.	Grain Marketing Board (GMB)	2021/2022 2022/2023
20.	Great Zimbabwe University	2023
21.	Harare Institute of Technology (HIT)	2023
22.	Health Professions Authority of Zimbabwe	2023
23.	Health Service Commission (formerly HSB)	2023
24.	Hotspeck Enterprises (Private) Limited	2023
25.	Hwange Electrical Supply Company (HESCO)	2023

	ANNEXURE "B": AUDITS IN PROGRESS AND BEING FINALISED	
	ENTITY	**YEAR**
26.	Industrial Development Corporation Zimbabwe (IDCZ)	2023
27.	Infralink (Private) Limited	2023
28.	Ingutsheni Central Hospital	2021
29.	Investor Protection Fund	2023
30.	Kariba Hydro Power Company	2023
31.	Lake Kariba Fisheries Research Institute	2023
32.	Lotteries and Gaming Board	2023
33.	Lupane State University (LSU)	2023
34.	Management Training Bureau (MTB)	2023
35.	Manicaland State University of Applied Sciences	2022
36.	Medical and Dental practitioners Council	2023
37.	Medical Laboratories and Clinical Scientists Council of Zimbabwe	2023
38.	Medicines Control Authority of Zimbabwe (MCAZ)	2023
39.	Mellofielde Chemicals (Private) Limited	2023
40.	Mineral Marketing Corporation of Zimbabwe (MMCZ)	2023
41.	Mosi oa Tunya Development Company	2022
42.	Mpilo Central Hospital	2023
43.	National Aids Council (NAC)	2023
44.	National Biotechnology Authority of Zimbabwe (NBA)	2021 & 2022
45.	National Competitive Commission (NCC)	2023
46.	National Gallery of Zimbabwe	2023
47.	National Handcraft Centre	2019-2021
48.	National Handling Services (NHS)	2023
49.	National Handling Services CC	2019-2022
50.	National Museums and Monuments of Zimbabwe (NMMZ)	2022
51.	National Railways of Zimbabwe (NRZ)	2022
52.	National Social Security Authority (NSSA)	2023
53.	National University of Science and Technology (NUST)	2023

ANNEXURE “B”: AUDITS IN PROGRESS AND BEING FINALISED		
	ENTITY	**YEAR**
54.	Netone Celullar (Private) Limited	2023
55.	Nurses Council of Zimbabwe	2021 &2022
56.	Parirenyatwa Group of Hospitals	2023
57.	Petrotrade (Private) Limited	2022 & 2023
58.	Pharmacist Council of Zimbabwe	2023
59.	Pig Industry Board	2023
60.	Post Properties (Private) Limited	2019-2021
61.	Postal Telecommunication Regulatory Authority of Zimbabwe(POTRAZ)	2023
62.	Powertel Communications (Private) Limited	2023
63.	Procurement Regulatory Authority of Zimbabwe (PRAZ)	2023
64.	Radiation Protection Authority of Zimbabwe	2023
65.	Research Council of Zimbabwe (RCZ)	2023
66.	Rhodes Matopos Estate Fund	2023
67.	Rural Electrification Fund	2023
68.	Small and Medium Enterprises Development Corporation (SMEDCO)	2023
69.	State Lotteries Fund	2022 & 2023
70.	Traditional Medical Practitioners Council	2023
71.	Traffic Safety Council of Zimbabwe	2023
72.	Transmedia Corporation	2023
73.	Universal Service Fund (USF)	2023
74.	University of Zimbabwe (UZ)	2023
75.	University of Zimbabwe Farm Trust	2023
76.	University of Zimbabwe Specific Funds	2023
77.	Urban Development Corporation (UDCORP)	2023
78.	Valuers Council of Zimbabwe	2022 & 2023
79.	Verify Engineering (Private) Limited	2022
80.	Woodlands (Private) Limited	2023

	ANNEXURE "B": AUDITS IN PROGRESS AND BEING FINALISED	
	ENTITY	YEAR
81.	ZESA Enterprises (Private) Limited (ZENT)	2023
82.	ZESA Holdings(Private) Limited	2023
83.	Zimbabwe Academic Research Network (ZARNET)	2020
84.	Zimbabwe Anti-Corruption Commission (ZACC)	2021-2023
85.	Zimbabwe Consolidated Mining Company (ZCDC)	2023
86.	Zimbabwe Council of Higher Education (ZIMCHE)	2023
87.	Zimbabwe Electricity Transmission and Distribution Company (ZETDC)	2023
88.	Zimbabwe Institute of Public Administration and Management (ZIPAM)	2023
89.	Zimbabwe Manpower Development Fund (ZIMDEF)	2023
90.	Zimbabwe Media Commission (ZMC)	2023
91.	Zimbabwe Mining Development Corporation (ZMDC)	2023
92.	Zimbabwe National Boxing and Wrestling Control Board	2022
93.	Zimbabwe National Defense University (ZNDU)	2017 & 2018
94.	Zimbabwe National Family Planning Council	2023
95.	Zimbabwe National Road Administration (ZINARA)	2023
96.	Zimbabwe National Water Authority (ZINWA)	2023
97.	Zimbabwe Parks and Wildlife Authority	2023
98.	Zimbabwe Post (Private) Limited	2019 - 2023
99.	Zimbabwe Power Company (ZPC)	2023
100.	Zimbabwe Tourism Authority (ZTA)	2022
101.	Zimbabwe United Passenger Company (ZUPCO)	2022

ANNEXURE "C": AUDITS AT SIGNING STAGE

	PUBLIC ENTITY	YEAR
1.	Agricultural and Rural Development Authority (ARDA)	2022
2.	Consumer Council of Zimbabwe (CCZ)	2023
3.	Defold Mines (Private) Limited	2020
4.	Deposit Protection Corporation (DPC)	2023
5.	Deven Engineering (Private) Limited	2023
6.	Food and Nutrition Council	2023
7.	Forestry Commission	2022
8.	Gwanda State University (GSU)	2023
9.	Ingutsheni Central Hospital	2020
10.	Insurance and Pension Commission (IPEC)	2023
11.	Marondera University of Agriculture Sciences Technology (MUAST)	2023
12.	Midlands State University (MSU)	2023
13.	Mining Promotion Corporation	2023
14.	National Arts Council of Zimbabwe	2021
15.	National Museums and Monuments of Zimbabwe	2020 & 2021
16.	National Social Security Authority (NSSA)	2022
17.	Rhodes Nyanga Estate Fund	2023
18.	Sally Mugabe Central Hospital	2022
19.	School of Hospitality and Tourism	2020
20.	Sports and Recreation Commission (SRC)	2023
21.	Tobacco Research Board (TRB)	2023
22.	United Bulawayo Hospitals (UBH)	2022
23.	Woodlands Farm (Private) Limited	2022
24.	Zimbabwe Broadcasting Corporation (ZBC)	2020-2022
25.	Zimbabwe Council for Higher Education (ZIMCHE)	2022
26.	Zimbabwe Open University (ZOU)	2023
27.	Zimbabwe Women Microfinance Bank (ZWMB)	2023

ANNEXURE "D": ACCOUNTS NOT SUBMITTED FOR AUDIT

ANNEXURE " D" : ACCOUNTS NOT SUBMITTED FOR AUDIT AS AT JUNE 4, 2024		
	PUBLIC ENTITY	**YEAR**
1.	Agricultural and Rural Development Authority	2023
2.	Agriculture Research Council	2022 & 2023
3.	Air Zimbabwe (Private) Limited	2023
4.	Airports Company of Zimbabwe	2021 - 2023
5.	Allied Health Practitioners Council of Zimbabwe	2023
6.	Apple Bridge Investments (Private) Limited	2015 - 2023
7.	Aviation Infrastructural Development Fund	2021 - 2023
8.	Broadcasting Authority of Zimbabwe	2021- 2023
9.	Chitungwiza Central Hospital	2021 & 2023
10.	Civil Aviation Authority of Zimbabwe	2021 - 2023
11.	Defold Mines (Private) Limited	2022 & 2023
12.	Environmental Health Practitioners Council Zimbabwe (EHPCZ)	2023
13.	Environmental Management Agency	2022 & 2023
14.	Forestry Commission	2023
15.	Ingutsheni Central Hospital	2022 & 2023
16.	Manicaland State University of Applied Science (MSUAS)	2023
17.	Medical Rehabilitation Practitioners Council of Zimbabwe	2023
18.	Mosi oa tunya	2023
19.	National Arts Council of Zimbabwe	2022 & 2023
20.	National Biotechnology Authority of Zimbabwe	2023
21.	National Handcraft Centre	2009-2018 & 2022-2023
22.	National Handling Services-CC	2023
23.	National Libraries and Documentation Services	2009-2022
24.	National Museum and Monuments of Zimbabwe	2023
25.	National Railways of Zimbabwe	2023

ANNEXURE " D" : ACCOUNTS NOT SUBMITTED FOR AUDIT AS AT JUNE 4, 2024		
	PUBLIC ENTITY	**YEAR**
26.	New Ziana (Private) Limited	2021 - 2023
27.	Nurses Council of Zimbabwe	2023
28.	Print flow (Private) Limited	2023
29.	Road Motor Services (RMS)	2021-2023
30.	Sally Mugabe Central Hospital	2023
31.	School of Hospitality and Tourism	2021 - 2023
32.	Silo Foods Industries	2022-2023
33.	United Bulawayo Hospitals	2023
34.	Verify Engineering (Private) Limited	2023
35.	Zimbabwe Academic and Research Centre (ZARNet)	2021 - 2023
36.	Zimbabwe Broadcasting Corporation (ZBC)	2023
37.	Zimbabwe Electoral Commission (ZEC)	2023
38.	Zimbabwe National Boxing and Wrestling Control Board	2023
39.	Zimbabwe National Defence University (ZNDU)	2019-2023
40.	Zimbabwe National Statistics Agency	2023
41.	Zimbabwe School Examination Council (ZIMSEC)	2023
42.	Zimbabwe School of Mines	2023
43.	Zimbabwe Tourism Authority (ZTA)	2023
44.	Zimbabwe United Passenger Company (ZUPCO)	2023
45.	Zimbabwe Youth Council (ZYC)	2022 & 2023

ANNEXURE "E": SUBMISSION OF FINANCIAL STATEMENTS STATUS OF STATE OWNED ENTERPRISES AND PARASTATALS 2018 - 2023

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

	ANNEXURE "E" : OVERALL STATUS IN TERMS OF SUBMISSION OF FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31						
	PUBLIC ENTITY	**2023**	**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	x	√	√	√
4.	Civil Aviation Authority of Zimbabwe(CAAZ)	x	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 (PRAZ)	√	√	√	√	√	√
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 (ZIMSTATS)	x	√	√	√	√	√
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)	√	√	√	√	√	√
22.	Lotteries and Gaming Board	√	√	√	√	√	√

	ANNEXTURE "E" : OVERALL STATUS IN TERMS OF SUBMISSION OF FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31						
	PUBLIC ENTITY	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**
23.	Pig Industry Board (PIB)	√	√	√	√	√	√
24.	Tobacco Industry and Marketing Board (TIMB)	√	√	√	√	√	√
25.	Tobacco Research Board (TRB)	√	√	√	√	√	√
26.	Zimbabwe National Boxing and Wrestling Control Board	x	√	√	√	Started in 2020	
	COMMISSIONS						
27.	Competition and Tariff Commission	√	√	√	√	√	√
28.	Consumer Protection Commission (CPC)	√	√	√	Started in 2021		
29.	Forestry Commission	x	√	√	√	√	√
30.	Health Services Commission (formerly HSB)	√	√	√	√	√	√
31.	Insurance and Pensions Commission (IPEC)	√	√	√	√	√	√
32.	National Competitiveness Commission (NCC)	√	√	√	√	√	√
33.	Securities and Exchange Commission of Zimbabwe	√	√	√	√	√	√
34.	Sports and Recreation Commission (SRC)	√	√	√	√	√	√
35.	Zimbabwe Anti-Corruption Commission (ZACC)	√	√	√	√	√	√
36.	Zimbabwe Electoral Commission (ZEC)	x	√	√	√	√	√
37.	Zimbabwe Media Commission (ZMC)	√	√	√	√	√	√
	COMPANIES AND CORPORATIONS						
38.	AFC Holdings	√	√	Started in 2022			
39.	AFC Insurance Company (Private) Limited	√	√	Started in 2022			
40.	AFC Leasing Company of Zimbabwe (Private) Limited	√	√	√	Started 2021		
41.	Airports Company of Zimbabwe	x	x	x	The Company was established in 2021		
42.	Air Zimbabwe (Private) Limited	x	√	√	√	√	√
43.	Allied Timbers (Private) Limited	√	√	√	√	√	√
44.	Apple Bridge (Private) Limited	x	x	x	x	x	x 2015-18
45.	Chemplex Corporation	√	√	√	√	√	√
46.	CMED (Private) Limited	√	√	√	√	√	√
47.	CMED Fuels (Private) Limited	√	√	√	√	√	√

	ANNEXTURE "E" : OVERALL STATUS IN TERMS OF SUBMISSION OF FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31						
	PUBLIC ENTITY	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**
48.	Courier Connect (Private) Limited	N/A[1]		√	√	√	√
49.	Defold Mines (Private) Limited	x	x	√	√	Started in 2020	
50.	Deven Engineering (Private) Limited	√	√	√	√	√	√
51.	Easy Go Car Hire and travel (Private) Limited	√	√	√	√	√	√
52.	Genesis (Private) Limited	√	√	√	√	√	√
53.	Hotspeck Enterprises (Private) Limited	√	√	√	√	√	√
54.	Hwange Electricity Supply Company (HESCO)	√	√	√	√	√	√
55.	Industrial Development Corporation (IDC)	√	√	√	√	√	√
56.	Infralink (Private) Limited	√	√	√	√	√	√
57.	Kariba Hydropower Company	√	√	√	√	√	√
58.	Mellofieldde Chemicals (Private) Limited	√	√	√	√	√	√
59.	Minerals Marketing Corporation of Zimbabwe (MMCZ)	√	√	√	√	√	√
60.	Mining Promotion Corporation (MPC)	√	√	√	√	√	√
61.	Mosi oa Tunya Development Company	x	√	√	√	√	√
62.	National Handling Services (NHS)	√	√	√	√	√	√
63.	National Handling Services CC (NHS CC)	x	√	√	√	√	
64.	National Oil Infrastructure Company (NOIC)	√	√	√	√	√	√
65.	National Pharmaceutical Company (NATPHARM)	√	√	√	√	√	√
66.	National Railways of Zimbabwe(NRZ)	x	√	√	√	√	√
67.	NetOne Cellular (Private) Limited	√	√	√	√	√	√
68.	New Ziana (Private) Limited	x	x	x	√	√	√
69.	Petrotrade (Private) Limited	√	√	√	√	√	√
70.	Petrozim Line (Private) Limited	√	√	√	√	√	√
71.	Post Properties (Private) Limited	N/A[2]		√	√	√	√
72.	Powertel Communications (Private) Limited	√	√	√	√	√	√
73.	Printflow (Private) Limited	x	√	√	√	√	√
74.	Rainbow Tourism Group (RTG)	√	Previously considered under NSSA				
75.	Road Motor Services (RMS)	x	x	x	√	√	√
76.	Sabi Gold Mine / Kimberworth Investments	√	√	√	√	√	√
77.	Silo Foods Industries (Private) Limited	x	x	√	√	√	√
78.	Sunway City (Private) Limited	√	√	√	√	√	√
79.	Technological and Commercial Information Promotion Systems(TIPS)	√	√	The operations were being accounted for under SIRDC			
80.	Telone (Private) Limited	√	√	√	√	√	√
81.	Transmedia Corporation	√	√	√	√	√	√

[1] Courier Connect from 2022 merged with ZIMPOST
[2] 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	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**
82.	Urban Development Corporation (UDCORP)	√	√	√	√	√	√
83.	Verify Engineering (Private) Limited	x	√	√	√	√	√
84.	Willowvale Mazda Motor Industries	√	√	√	√	√	√
85.	Woodlands Farm (Private) Limited	√	√	The company started operations in 2022			
86.	ZESA Enterprises (Private) Limited (ZENT)	√	√	√	√	√	√
87.	ZESA Holdings	√	√	√	√	√	√
88.	Zimbabwe Academic and Research Network (ZARNET)	x	x	x	√	√	√
89.	Zimbabwe Broadcasting Corporation (ZBC)	x	√	√	√	√	√
90.	Zimbabwe Consolidated Diamond Mining Company	√	√	√	√	√	√
91.	Zimbabwe Electricity Transmission and Distribution Company (ZETDC)	√	√	√	√	√	√
92.	Zimbabwe Mining Development Corporation (ZMDC)	√	√	√	√	√	√
93.	Zimbabwe Posts (Private) Limited (ZIMPOST)	√	√	√	√	√	√
94.	Zimbabwe Power Company (ZPC)	√	√	√	√	√	√
95.	Zimbabwe United Passenger Company (ZUPCO)	x	√	√	√	√	√
	COUNCILS						
96.	Agricultural Research Council of Zimbabwe	x	x	√	√	√	√
97.	Allied Health Practitioners Council (AHPZ)	x	√	√	√	√	√
98.	Consumer Council of Zimbabwe	√	√	√	√	√	√
99.	Environmental Health Practitioners Council of Zimbabwe	x	√	√	√	√	√
100.	Food and Nutrition Council	√	√	The operations were being accounted for under SIRDC			
101.	Medical and Dental Practitioners Council of Zimbabwe	√	√	√	√	√	√
102.	Medical Laboratory and Clinical Scientists Council of Zimbabwe	√	√	√	√	√	√
103.	Medical Rehabilitation Practitioners Council of Zimbabwe	x	√	√	√	√	√
104.	National AIDS Council of Zimbabwe (NAC)	√	√	√	√	√	√
105.	National Arts Council of Zimbabwe	x	x	√	√	√	√
106.	Nurses Council of Zimbabwe	x	√	√	√	√	√
107.	Pharmacists Council of Zimbabwe	√	√	√	√	√	√
108.	Research Council of Zimbabwe (RCZ)	√	√	√	√	√	√
109.	Traditional Medical Practioners Council	√	√	Started to submit in 2022			
110.	Traffic Safety Council of Zimbabwe	√	√	√	√	√	√
111.	Valuers Council of Zimbabwe	√	√	√	√	√	
112.	Zimbabwe Council for Higher Education (ZIMCHE)	√	√	√	√	√	√
113.	Zimbabwe National Family Planning Council (ZNFPC)	√	√	√	√	√	√
114.	Zimbabwe Schools Examination Council (ZIMSEC)	x	√	√	√	√	√

	ANNEXTURE "E" : OVERALL STATUS IN TERMS OF SUBMISSION OF FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31						
	PUBLIC ENTITY	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**
115.	Zimbabwe Youth Council (ZYC)	x	x	√	√	√	√
	FINANCIAL INSTITUTIONS						
116.	AFC Commercial Bank	√	√	√	√	√	√
117.	AFC Land and Development bank	√	√	The company started operations in 2022			
118.	Deposit Protection Corporation (DPC)	√	√	√	√	√	√
119.	EmpowerBank Limited	√	√	√	√	√	√
120.	Infrastructure Development Bank of Zimbabwe (IDBZ)	√	√	√	√	√	√
121.	National Building Society (NBS)	√	√	√	√	√	√
122.	People's Own Savings Bank (POSB)	√	√	√	√	√	√
123.	Small and Medium Enterprise Development Corporation (SMEDCO)	√	√	√	√	√	√
124.	Zimbabwe Women Microfinance Bank (ZWMB)	√	√	√	√	√	√
	FUNDS						
125.	Agricultural Marketing Fund (AMF)	√	√	√	√	√	√
126.	Aviation Infrastructure Development Fund (AIDEF)	x	x	x	√	√	√
127.	Investor Protection Fund	√	√	√	√	√	√
128.	Lake Kariba Fisheries Research Institute	√	√	√	√	√	√
129.	Rhodes Matopos Estate Fund	√	√	√	√	√	√
130.	Rhodes Nyanga Estate Fund	√	√	√	√	√	√
131.	Rural Electrification Fund (REF)	√	√	√	√	√	√
132.	State Lotteries Fund	√	√	√	√	√	√
133.	Universal Services Fund (USF)	√	√	√	√	√	√
134.	Zimbabwe Manpower Development Fund (ZIMDEF)	√	√	√	√	√	√
	STATE HOSPITALS						
135.	Chitungwiza Central Hospital	x	x	x	√	√	√
136.	Ingutsheni Central Hospital	x	x	√	√	√	√
137.	Mpilo Central Hospital	√	√	√	√	√	√
138.	Parirenyatwa Group of Hospitals	√	√	√	√	√	√
139.	Sally Mugabe Central Hospital	x	√	√	√	√	√

	ANNEXTURE "E" : OVERALL STATUS IN TERMS OF SUBMISSION OF FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31						
	PUBLIC ENTITY	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**
140.	United Bulawayo Hospitals (UBH)	x	√	√	√	√	√
	TERTIARY INSTITUTIONS						
141.	Bindura University of Science Education	√	√	√	√	√	√
142.	Chinhoyi University of Technology	√	√	√	√	√	√
143.	Chinhoyi University Hotel Trust	√	√	The Trust started to report independently 2022			
144.	Great Zimbabwe University (GZU)	√	√	√	√	√	√
145.	Gwanda State University (GSU)	√	√	√	√	√	√
146.	Harare Institute of Technology (HIT)	√	√	√	√	√	√
147.	Lupane State University (LSU)	√	√	√	√	√	√
148.	Management Training Bureau (MTB)	√	√	√	√	√	√
149.	Manicaland State University of Applied Sciences (MSUAS)	x	√	√	√	√	√
150.	Marondera University of Agricultural Sciences and Technology	√	√	√	√	√	√
151.	Midlands State University (MSU)	√	√	√	√	√	√
152.	National University of Science and Technology (NUST)	√	√	√	√	√	√
153.	School of Hospitality and Tourism (SCHOTO)	x	x	x	√	√	√
154.	University of Zimbabwe (UZ)	√	√	√	√	√	√
155.	University of Zimbabwe Specific Funds	√	√	The Specific Fund started to report independently 2022			
156.	Zimbabwe Institute of Public Administration and Management (ZIPAM)	√	√	√	√	√	√
157.	Zimbabwe National Defense University (ZNDU)	x	x	x	x	x	√
158.	Zimbabwe Open University (ZOU)	√	√	√	√	√	√
159.	Zimbabwe School of Mines (ZSM)	x	√	√	√	√	√
	OTHERS						
160.	Chinhoyi University Farm Trust	√	√	The Trust started to report independently 2022			
161.	National Gallery of Zimbabwe	√	√	√	√	√	√
162.	National Handicraft Centre (NHC)	x	x	√	√	√	2009-2018 not

	ANNEXURE "E" : OVERALL STATUS IN TERMS OF SUBMISSION OF FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31						
	PUBLIC ENTITY	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**
							submi tted
163.	National Libraries and Documentation Services	N/A[3]	x	x	x	x	x
164.	National Museums and Monuments of Zimbabwe	x	√	√	√	√	√
165.	Scientific and Industrial Research Development Centre	√	√	√	√	√	√
166.	University of Zimbabwe Farm Trust	√	√	The Trust started to report independently 2022			

[3] National Library and Documentation of Zimbabwe became a department under Ministry of Primary and Secondary Education