

Regional Inspector General for Audit
Nairobi, Kenya

Audit of
Local Currency Expenditures Under
USAID/Zimbabwe
Grant Nos. 613-K-603 Through 613-K-607

Report No. 3-613-93-16-N
March 12, 1993



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U.S. AGENCY FOR
INTERNATIONAL
DEVELOPMENT

March 12, 1993

MEMORANDUM

TO: USAID/Zimbabwe Director, Ted D. Morse

*Regional
Inspector General
for Audit/Nairobi*

FROM: *for* RIG/A/Nairobi, Everette B. Orr

Joseph Fainella

SUBJECT: Audit of Local Currency Expenditures Under USAID/Zimbabwe Grant Nos. 613-K-603 Through 613-K-607, Audit Report No. 3-613-93-16-N

Attached are five copies of an Agency-contracted financial audit report of Local Currency Expenditures Under USAID/Zimbabwe Grant Nos. 613-K-603 through 613-K-607. The accounting firm of Coopers & Lybrand, Zimbabwe performed the audit.

A.I.D. authorized Grant Nos. 613-K-603 to 613-K-607 to provide budgetary support to the Government of Zimbabwe for implementation of policy reforms. Under Commodity Import Program components, Zimbabwe dollars were generated and deposited into the special account to finance mutually agreed upon development projects of Government of Zimbabwe ministries and parastatals.

This report covers project expenditures totalling Zimbabwe dollars 7,916,540 (\$3,326,277) and advances totalling Zimbabwe dollars 22,490,814 (\$9,449,922) under USAID/Zimbabwe Grant Nos. 613-K-603 through 613-K-607 for the period July 1, 1989 through June 30, 1991.

The objectives of the audit were to:

- audit the auditee's Fund Accountability Statement and express an opinion as to whether the Fund Accountability Statement presents fairly, in all material respects and in conformity with the basis of accounting described in the report, the use of funds in accordance with the grant agreement;
- consider the auditee's internal control structure in order to determine the auditing procedures for the purpose of expressing an opinion on the Fund Accountability Statement and to report on significant internal control deficiencies and material weaknesses; and

- test the auditee's compliance with the terms of the grant agreement, as part of obtaining reasonable assurance as to whether the Fund Accountability Statement is free of material misstatement, and report on any identified material instances of noncompliance.

Coopers & Lybrand reported that the Fund Accountability Statement fairly presented the status of funds authorized under Grant Nos. 613-K-603 through 613-K-607 for financing USAID/Zimbabwe projects except for questioned advances of Zimbabwe dollars 8,923,000 (\$3,749,160) and unsupported costs of Zimbabwe dollars 547,652 (\$230,106). In addition, the report on internal control structure disclosed material internal control weaknesses which included: (1) lack of liaison between the Ministry of Finance, Economic Planning and Development and the implementing agencies when projects were approved; (2) transfer of funds from special accounts to the Exchequer despite non-submission of expenditure returns; (3) lack of adequate reconciliations at the Ministry of Public Construction and National Housing; and (4) lack of supporting documentation at the Ministry of Lands, Agriculture and Rural Development, the Ministry of Education, and the Ministry of Environment and Tourism. Further, the report on compliance noted two material instances of non-compliance: (1) the Ministry of Finance, Economic Planning and Development did not submit to USAID/Zimbabwe on a timely basis its quarterly reports relating to the Zimbabwe Agricultural Sector Assistance Program (ZASA) showing amounts committed; and (2) certain reports were inaccurately prepared because they did not agree with the expenditure ledger and did not contain information regarding commitments.

The draft report was submitted to the auditee and USAID/Zimbabwe for comment and their comments (Appendix I and Appendix II, respectively) were taken into consideration in the preparation of the final report by Coopers & Lybrand.

We are including the following recommendations in the Office of the Inspector General audit recommendation follow-up system.

Recommendation No. 1: We recommend that USAID/Zimbabwe determine the allowability of the following questioned costs and require the Government of Zimbabwe Ministry of Finance, Economic Planning and Development to make deposits to the special account for amounts determined to be unallowable:

- 1.1 ineligible costs of Zimbabwe dollars 8,923,000 (\$3,749,160); and
- 1.2 unsupported costs of Zimbabwe dollars 547,652 (\$230,106).

Recommendation No. 2: We recommend that USAID/Zimbabwe obtain from the Government of Zimbabwe a plan of action for correction of internal control structure weaknesses to ensure that:

- 2.1 there is close liaison between the Ministry of Finance, Economic Planning and Development and the implementing agencies;**
- 2.2 transfer of funds from USAID special bank accounts to the Government of Zimbabwe Exchequer Account is only done on the basis of proper documentation received from the implementing agencies;**
- 2.3 adequate and appropriate expenditure reconciliations are done regularly at the Ministry of Public Construction and National Housing; and**
- 2.4 supporting documentation for project expenditures at the Ministries of: Lands, Agriculture and Rural Development; Education; and Environment and Tourism are retained in accordance with grant agreement terms.**

We consider Recommendation Nos. 1 and 2 unresolved. Recommendation No. 1 will be resolved upon receipt of a final determination of the allowability of the questioned costs. The recommendation will be closed when the Mission takes action appropriate to its final determination. Recommendation No. 2 will be resolved upon receipt of a plan for corrective action. The recommendation will be closed when the Mission provides evidence that the corrective action has been implemented. Please respond to this report within 30 days indicating actions planned or already taken to implement the recommendations.

Thank you for the cooperation extended to Coopers & Lybrand and Regional Inspector General for Audit representatives during the audit.

Attachments: a/s.

AUDIT OF
LOCAL CURRENCY EXPENDITURES UNDER USAID/ZIMBABWE
GRANT NOS. 613-K-603 THROUGH 613-K-607

ATTACHMENTS

USAID/ZIMBABWE

GRANT AGREEMENT NUMBERS 613-K-603
THROUGH 613-K-607 FOR THE PERIOD JULY 1, 1989
THROUGH JUNE 30, 1991

AUDIT REPORT ON LOCAL CURRENCY
EXPENDITURES UNDER USAID/ZIMBABWE GRANTS

DECEMBER 1992

**AUDIT REPORT ON LOCAL CURRENCY EXPENDITURES UNDER USAID/ZIMBABWE
GRANT AGREEMENT NUMBERS 613-K-603 THROUGH 613-K-607 FOR THE PERIOD
JULY 1, 1989 THROUGH JUNE 30, 1991.**

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BACKGROUND

1. In February 1992 the United States Agency for International Development (USAID) requested Coopers & Lybrand to perform an audit of local currency expenditures under USAID/Zimbabwe Grant Agreement numbers 613-K-603 through 613-K-607 for the period July 1, 1989 through June 30, 1991.
2. USAID authorised grant numbers 613-K-603 through 613-K-607 to provide budgetary support to the Government of Zimbabwe in implementation of policy reforms. Under commodity Import Program components, Zimbabwe dollars were generated and deposited into special accounts to finance mutually agreed upon development projects of Government of Zimbabwe Ministries and parastatals. At the request of USAID/Zimbabwe, Deloitte and Touche conducted the audits of these grants from inception through June 30, 1989 under USAID, Regional Inspector General/Audit (RIG/A/N) supervision. Audit report numbers 3-613-91-13-N through 3-613-91-17-N were issued on September 16, 1991. Specifically audit report number 3-613-91-17-N covered local currency project expenditures totalling Z\$144 123 052 (US\$108 796 502) of which Z\$98 464 768 (US\$81 184 201) were related to USAID/Zimbabwe funding under grant numbers 613-K-603 through 613-K-606.
3. This document records the findings of the second phase (follow-on) audit of local currency expenditures totalling Z\$7 916 540 (US\$3 326 277) and advances totalling Z\$22 490 814 (US\$9 449 922) under USAID/Zimbabwe grant numbers 613-K-603 through 613-K-607 for the period July 1, 1989 through June 30, 1991 at the following ministries/parastatals :
 - a) Ministry of Finance, Economic Planning and Development (MFEPD);
 - b) Ministry of Lands, Agriculture and Rural Development (MLARD). Including :
 - i) Grain Marketing Board (GMB),
 - ii) Commercial Cotton Growers Association (CCGA);
 - c) Ministry of Public Construction and National Housing (MPCNH);
 - d) Ministry of Education (ME);
 - e) Ministry of Environment and Tourism (MET);
 - f) Ministry of Community and Cooperative Development (MCCD);
 - g) Ministry of Health (MH);

- h) Ministry of Industry and Commerce (MIC);
 - i) Ministry of Defence (MD);
 - j) Ministry of Energy, Water Resources and Development (MEWRD); and
 - k) Ministry of Local Government Rural and Urban Development (MLGRUD).
4. MH, MIC, MD and MEWRD have not been visited as they did not have expenditure during the period under audit. We have however included them in the Fund Accountability Statements in order to disclose the unexpended balances and advances outstanding which have not been accounted for.
5. The USAID funded projects covered in the audit are listed in Exhibit 15. The audit was conducted between July 1992 and September 1992.

AUDIT OBJECTIVES AND SCOPE

6. The objectives and scope of the audit were governed by the following:
- a) Audit contract number 645-0000-1-00-1053-00;
 - b) Auditing Standards issued by the American Institute of Certified Accountants;
 - c) Auditing Standards adopted by the Institute of Chartered Accountants of Zimbabwe; and
 - d) GOVERNMENT AUDITING STANDARDS (1988 REVISION).
7. In terms of the above, the objectives of this engagement were to :
- a) audit the auditee's Fund Accountability Statements and express an opinion as to whether the Fund Accountability Statements present fairly, in all material respects and in conformity with the basis of the accounting described in the report the use of funds in accordance with the grant agreements;
 - b) consider the auditee's internal control structure in order to determine the auditing procedures for the purpose of expressing an opinion on the Fund Accountability Statements and to report on significant internal control deficiencies and material weaknesses; and;
 - c) test the auditee's compliance with the terms of the grant agreements, as part of obtaining reasonable assurance about whether the Fund Accountability Statements are free of material misstatements, and report on any identified material instances of noncompliance.

8. The audit was performed under the guidance of the Regional Inspector General/Audit/Nairobi.
9. **METHCDOLOGY**
- The principal audit steps performed included:
- d) test checking transactions to source documents for validity;
 - e) review of transactions for compliance with grant agreements and applicable laws and regulations;
 - f) an evaluation of internal accounting controls and practice as part of normal audit procedures. This step was not intended to be a specialised evaluation; and
 - g) a review of all relevant documentation.
10. We visited the following projects to ascertain the project status;

Grain Marketing Board	-	Cleveland Groundnut Depot
Ministry of Public Construction and National Housing	-	Belvedere Teachers College

Belvedere Teachers College was found to be complete. The Cleveland Groundnut Depot was also complete but due to the drought being faced by the country, the depot is being rented out to private companies. The construction of the Depot Laboratory has not yet commenced.

11. **SCOPE LIMITATION**

We did not comply with Government Auditing Standard number 3.6 on continuing Education requirements and number 3.46 on External Quality Control Reviews. Our firm requires that an auditor completes 40 hours of continuing education and training each year which contributes to the auditors' professional efficiency. We do not, however focus on subjects directly related to the government environment and to government auditors.

With regards to External Quality Control Reviews, our firm has inter-office reviews at least once every two years by member firms within the Eastern, Central and Southern Africa Region. These reviews are also subject to overall monitoring by Coopers & Lybrand International.

Expenditure amounting to Z\$2 775 875 (US\$1 116 334) out of Z\$7 916 540 (US\$3 326 277) and all advances outstanding at 30 June 1991 totalling Z\$8 923 000 (US\$3 749 160) were tested and queried respectively. In arriving at the figure for unsupported expenditure no extrapolation was done as samples were not statistically selected. The amount therefore represents specific missing documentation on balances selected for testing.

RESULTS OF AUDIT
Fund Accountability Statements

Our audit tests revealed that in certain projects, local currency expenditures reported to USAID by Ministry of Finance Economic Planning and Development (MFEPD) did not agree to local currency expenditures as recorded in the expenditure ledger by the same Ministry. A summary of differences noted is detailed on pages 30 to 31. After investigating the differences the ledger was found to be more reliable and accurate and the Fund Accountability Statements were redrawn by ourselves from the expenditure ledgers.

Judgemental sampling techniques (with a bias to high value and unusual items) were applied in each project in selecting balances for testing to supporting documentation. Expenditure amounting to Z\$2 775 875 (US\$1 116 334) out of Z\$7 916 540 (US\$3 326 277) and all advances outstanding at 30 June 1991 totalling Z\$8 923 000 (US\$3 749 160) were tested and queried respectively. The results of our audit revealed unsupported expenditure of Z\$ 547 652 (US\$ 230 106) and ineligible and unsupported advances of Z\$8 923 000 (US\$3 749 160).

In arriving at the figure for unsupported expenditure no extrapolation was done as samples were not statistically selected. The amount therefore represents specific missing documentation on balances selected for testing.

Internal Control Structure

The results of our tests revealed the following conditions which were considered to be material weaknesses :

- Lack of liaison when projects are approved between the MFEPD (which is the Ministry through which Government of Zimbabwe controls USAID/Zimbabwe funded projects) and the implementing agencies.
- Transfer of funds from special accounts to the Exchequer despite non-submission of returns.
- Lack of supporting documentation at some of the implementing agencies.
- Lack of adequate reconciliations at some of the implementing agencies.

Compliance with Grant Agreement Terms

The Government of Zimbabwe complied with grant agreement terms except as follows :

- Quarterly expenditure reports prepared by the MFEPD for certain projects were not being submitted to USAID/Zimbabwe timeously and did not show amounts committed.

- Certain reports were inaccurately prepared as they did not agree to the expenditure ledger.

With respect to items not reviewed or tested nothing came to our attention to indicate that the Government of Zimbabwe had not complied with the Grant agreement terms.

Exhibits

The results from our testing and Fund Accountability Statements are quantified in Exhibits I to XII. Exhibit XIII shows list of the implementing agencies and details of the projects. Exhibit XIV details results of the follow-on of work done by Deloitte and Touche.

MANAGEMENT COMMENTS

Summary of Auditee Comments

The recommendations arising from the audit findings are accepted. Quarterly reports, status, and project completion reports will be submitted timeously in order to facilitate the speedy reallocation of unused balances and enhance control over project expenditure. We confirm that all future transfers of funds from USAID special bank accounts will be done on the basis of returns from implementing agencies. Documents paid will be cancelled to avoid duplicate payments being made.

All expenditure reports will be filled out properly to reflect the future commitments. This and other reports will be checked for accuracy by the Chief Accountant before they are sent to the donor representative(s).

Accounting records will in future improve to include a nominal ledger as the main control book for all subsidiary ledgers. Reconciliations of key financial records will also be done and reviewed on a monthly basis by senior persons. An effort will also be made to improve on document filing and retrieval systems.

Detailed responses are included under each recommendation and at Appendix I.

Summary of USAID/Zimbabwe Comments

Mission has reviewed the revised audit and the Ministry of Finance's responses. Mission has no additional comments.

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1. AUDIT REPORT ON FUND ACCOUNTABILITY STATEMENTS

1.1 Independent Auditor's Report

We have audited the Fund Accountability Statements for expenditure on USAID/Zimbabwe funded Government of Zimbabwe development projects under grant agreements 613-K-603 through 613-K-607 as at and for the two years ended June 30, 1991. The Fund Accountability Statements are the responsibility of the Government of Zimbabwe. Our responsibility is to express an opinion on these Fund Accountability Statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards (1988 revision) issued by the Controller General of the United States except for Government Auditing Standard number 3.6 on Continuing Education Requirements and number 3.46 on External Quality control reviews. These standards require that we plan and perform the audit to obtain reasonable assurance that the Fund Accountability Statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Fund Accountability Statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall Fund Accountability Statements presentation. We believe that our audit provides a reasonable basis for our opinion.

The Fund Accountability Statements have been prepared on the basis of cash receipts and disbursements which is a comprehensive basis of accounting, other than generally accepted accounting principles.

In our opinion the Fund Accountability Statements present fairly in conformity with the basis of accounting described in the preceding paragraph in all material respects the authorised expenditure and advances under grant agreements 613-K-603 to 613-K-607 except for questioned advances of Z\$8 923 000 (US\$3 749 160) and unsupported amounts of Z\$ 547 652 (US\$ 230 106).

PAGE 6 (a)

Other offices: Bulawayo and Mutare

A list of partners names is available at the above address

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Coopers & Lybrand
Coopers & Lybrand

SEPTEMBER 30, 1992

PAGE 6 (b)

Other offices: Bulawayo and Mutare

A list of partners names is available at the above address

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SUMMARISED FUND ACCOUNTABILITY STATEMENT FOR THE TWO YEARS FROM JULY 1, 1989 THROUGH JUNE 30, 1991

REVENUE	-----USAID FUNDING-----				
	Cumulative at June 30, 1989	For the two years ended June 30, 1991	Cumulative at June 30, 1991	Government of Zimbabwe Funding	Total Revenue at June 30, 1991
	Z\$	Z\$	Z\$	Z\$	Z\$
MLARD	17 726 856	3 187 623	20 914 479	5 113 086	26 027 565
MPCNH	19 637 601	2 694 382	22 331 983	1 457 325	23 789 308
ME	14 038 388	1 655 729	15 694 117	1 583 215	17 277 332
MET	717 047	90 000	807 047	231 956	1 039 003
MCCD	2 495 030	337 258	2 832 288	0	2 832 288
MH	3 042 898	1 916 373	4 959 271	433 749	5 393 020
MFEPD	41 000	200 000	241 000	0	241 000
MIC	5 000 000	3 696 927	8 696 927	0	8 696 927
MD	1 203 870	296 130	1 500 000	0	1 500 000
MEWRD	100 000	0	100 000	0	100 000
MLGRUD	88 000	58 333	146 333	0	146 333
Z\$	<u>64 090 690</u>	<u>14 132 755</u>	<u>78 223 445</u>	<u>8 819 331</u>	<u>87 042 776</u>
US\$	<u>26 928 861</u>	<u>5 938 132</u>	<u>32 866 994</u>	<u>3 705 601</u>	<u>36 572 595</u>
	=====	=====	=====	=====	=====

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SUMMARISED FUND ACCOUNTABILITY STATEMENT FOR THE TWO YEARS FROM JULY 1, 1989 THROUGH JUNE 30, 1991

	Cumulative at June 30, 1989	Expenditure claimed for the two years ended	Cumulative at June 30, 1991	Unexpended Amounts	Accepted	Unsupported	Questioned for the period to June 30, 1989	Advances Questioned for the two years ended June 30, 1991	Ineligible
	Z\$	Z\$	Z\$	Z\$	Z\$	Z\$	Z\$	Unsup-ported A	B
EXPENDITURE									
BLARD	16 829 668	3 295 181	19 924 849	2 272 861	2 798 181	497 000	2 126 855	0	1 703 000
BICNH	11 831 423	813 554	12 644 977	4 152 928	813 554	0	5 791 404	1 200 000	0
NE	11 102 512	2 872 360	13 974 872	1 094 964	2 853 922	18 438	2 201 496	0	6 000
MET	0	461 956	461 956	0	429 742	32 214	577 047	0	0
MCCD	2 011 057	472 590	2 483 647	36 418	472 590	0	222 222	0	90 000
MH	3 273 023	0	3 273 023	0	0	0	92 924	2 027 073	0
MFEFD	0	0	0	0	0	0	41 000	200 000	0
MIC	2 628 889	0	2 628 889	0	0	0	2 371 111	0	3 698 927
MD	1 357 033	0	1 357 033	0	0	0	142 967	0	0
MEWRD	99 212	0	99 212	0	0	0	788	0	0
MLGRUD	126 394	899	127 293	19 040	899	0	0	0	0
	<u>Z\$ 49 059 211</u>	<u>7 916 540</u>	<u>56 975 751</u>	<u>7 576 211</u>	<u>7 368 888</u>	<u>547 652</u>	<u>13 567 814</u>	<u>3 427 073</u>	<u>5 495 927</u>
	<u>US\$ 20 818 114</u>	<u>3 326 277</u>	<u>23 939 391</u>	<u>3 183 282</u>	<u>3 096 171</u>	<u>230 106</u>	<u>5 700 763</u>	<u>1 439 947</u>	<u>2 309 213</u>

A = Project in progress but no returns submitted.

B = No record of project being implemented and no returns submitted.

HB = To balance Fund Accountability Statements;

Total Revenue = Cumulative expenditure to June 30, 1991 plus unexpended amounts plus questioned advances.

**NOTES TO THE FUND ACCOUNTABILITY STATEMENTS FOR THE TWO YEARS FROM
JULY 1, 1989 THROUGH JUNE 30 1991**

1. The statements have been prepared on the receipts and payments basis of accounting. Where local currency is expressed in US dollars, we used an average exchange rate of Z\$2,38 to US\$1.00. This rate has been used consistently throughout the report where local currency is expressed in US dollars.
2. Revenue comprises amounts transferred from the special accounts to the Government of Zimbabwe (Exchequer Account) and Government of Zimbabwe funding of excess of expenditure over amounts transferred from special accounts.
3. Unexpended amounts represent amounts drawn from the special account and paid to the Exchequer account but not yet utilised. Where no expenditure has been reported during the period under audit, unexpended amounts are reported as questioned advances.
4. Questioned advances represent those amounts for which payments have been made from the special accounts to the Exchequer account but no returns were submitted (unsupported) and those where there is no evidence of project implementation (ineligible).
5. Unsupported expenditure represents those amounts for which supporting documentation could not be found. No statistical extrapolation was done as judgemental sampling techniques were applied in selecting the sample.
6. Fund accountability statements have been prepared for projects where there is:
 - a) a significant unexpended balance at June 30, 1991;
 - b) a transfer from special accounts to the Exchequer account for the two years ended June 30, 1991; and
 - c) expenditures for the two years ended June 30, 1991.
7. For projects where the USAID has provided an allocation, but no transfers were made from the special accounts to the Exchequer, we have investigated whether such projects were in progress or completed. Such projects have been reported separately on Exhibit XII as Government of Zimbabwe or other donor agencies funded projects.
8. Figures in brackets, throughout the Fund Accountability Statements, represent correction of mispostings made prior to June 30, 1989.

1.2 Fund Accountability Statements

The Fund Accountability Statements and accompanying notes to the statements are included as Exhibits I to XI.

1.3 Findings and Recommendations

1.3.1 Introduction

The Fund Accountability Statements have been prepared by us from the information supplied by the auditee. The statements have been prepared on the receipts and payments basis of accounting. Where local currency is expressed in US dollars, we used an average exchange rate of Z\$2,38 to US\$1,00. This rate has been used consistently throughout the report where local currency has been expressed in US dollars.

1.3.2 Sample Selection Criteria

The basis of our sample was Expenditure Ledger prepared by MFEPD using monthly returns of expenditure received from the implementing agencies. Our methodology included selection of all material and unusual transactions for each project on which expenditure was incurred during the period July 1, 1989 to June 30, 1991.

1.3.3 Summary of Audit Results

1.3.4 A summary of total project expenditure is as follows:

	Total Expenditure Claimed for the two years 30/6/91 Z\$	Accepted Expenditure for the two years ended 30/6/91 Z\$	Unsupported Expenditure for the two years ended 30/6/91 Z\$	Total Amount Tested Z\$	Percentage of Total Expenditure tested
MLARD	3 295 181	2 798 181	497 000	1 238 345	38 %
MPCNH	813 554	813 554		361 466	44 %
ME	2 872 360	2 853 922	18 438	841 802	29 %
MET	461 956	429 742	32 214	131 431	28 %
MCCD	472 590	472 590		202 831	43 %
MLGRUD	899	899			
Z\$	<u>7 916 540</u>	<u>7 368 888</u>	<u>547 652</u>	<u>2 775 875</u>	<u>35 %</u>
US\$	<u>3 326 277</u>	<u>3 096 171</u>	<u>230 106</u>	<u>1 166 334</u>	

Funds advanced to the exchequer account which are being questioned are as follows:

	Cumulative Questioned Advances to the Exchequer Account to 30/6/91	Questioned Advances for the period to 30/6/89	Questioned Advances for the two years ended 30/6/91	
			Unsupported A Z\$	Ineligible B Z\$
MFEPD	241 000	41 000	200 000	
MLARD	3 829 855	2 126 855		1 703 000
MPCNH	6 991 404	5 791 404	1 200 000	
ME	2 207 496	2 201 496		6 000
MET	577 047	577 047		
MCCD	312 223	222 222		90 000
MH	2 119 997	92 924	2 027 073	
MIC	6 068 038	2 371 111		3 696 927
MD	142 967	142 967		
MEWRD	788	788		
Z\$	<u>22 490 815</u>	<u>13 567 814</u>	<u>3 427 073</u>	<u>5 495 927</u>
US\$	<u>9 449 922</u>	<u>5 700 763</u>	<u>1 439 947</u>	<u>2 309 213</u>

A = Project in progress, but no returns submitted

B = No record of project being implemented and no returns submitted

US \$ = United States of America Dollar

Z \$ = Zimbabwe Dollar

Where local currency is expressed in US Dollars, we have used an average exchange rates of Z\$2.38 to US \$ 1.00.

Findings

The results of our audit show unsupported expenditure of Z\$ 547 652 (US \$230 106) and questioned advances of Z\$8 923 000 (US\$3 749 160) for the two years ended June 30, 1991.

On the questioned advances, Z\$ 3 427 073 (US\$1 439 947) is unsupported and relates to projects in progress but no returns of expenditure were submitted by the implementing agencies; Z\$5 495 927 (US\$2 309 213) is ineligible and is in respect of projects which had no record of projects being implemented and no returns being submitted.

The Ministry of Finance Economic Planning and Development (MFEPD) maintains special accounts for funds received from USAID. The accounting rules and procedures set by this ministry for aid funded projects require that transfer of funds from the special accounts

to the Government of Zimbabwe's bank account (Exchequer Account) should only be made after returns of expenditure have been received from the implementing agencies.

Amounts questioned above represent transfers by the MFEPD of funds from the Special accounts to the Exchequer account despite the fact that returns of expenditure were not being received from the relevant ministries.

The unsupported costs represent 7% of local currency expenditure claimed for the two years ended June 30, 1991.

RECOMMENDATION NO. 1

USAID/Zimbabwe should determine the allowability and recover as appropriate from the Ministry of Finance Economic Planning and Development Z\$ 547 652 (US\$230 106) in respect of unsupported expenditure and Z\$ 8 923 000 (US\$3 749 160) in respect of questioned advances.

MFEPD COMMENTS

Agreed. An exercise to determine allowability of expenditure on questioned advances for the period to 30 June 1989 is already underway.

RECOMMENDATION NO.2

USAID/Zimbabwe should be advised at least within one year of any unexpended balances after projects have been completed. An agreement should be reached between USAID and MFEPD on how the unexpended balance should be used.

MFEPD COMMENTS

Agreed. This aspect is covered by the quarterly expenditure report. To facilitate speedy reallocation of unused balances, implementing agencies should submit a project completion report.

RECOMMENDATION NO.3

The Transfer of funds from USAID special bank accounts to the Government of Zimbabwe Exchequer Account should only be done on the basis of returns of expenditure received from the implementing agencies.

MFEPD COMMENTS

Agreed. It is noted that this is now a new requirement.

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AUDIT REPORT ON INTERNAL CONTROL STRUCTURE

2.1 Independent Auditor's Report

We have audited the Fund Accountability Statements for selected expenditure under USAID/Zimbabwe grant agreements 613-K-603 through 613-K-607, as at and for the two years ended June 30, 1991 and have issued our report thereon dated September 30, 1992.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards (1988 Revision), issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance that the Fund Accountability Statements are free of material misstatements.

In planning and performing our audit of the Fund Accountability Statements for the implementing ministries/parastatals listed under Exhibit XIII for the two years ended June 30, 1991, we considered the various internal control structures in order to determine our auditing procedures for the purpose of expressing our opinion on the Fund Accountability Statements but not to provide assurance on the internal control structures.

The implementing ministries/parastatals are responsible for establishing and maintaining an internal control structure. The objectives of an internal control structure are to provide management with reasonable but not absolute assurance that assets are safe-guarded against loss from unauthorised use or disposition, and that transactions are executed in accordance with management authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations on any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

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For the purpose of this report, we have classified the significant internal control structure policies and procedures in the following broad categories:

- Project initiation and approval
- Validity, accuracy and completeness of project expenditure
- Management control.

For all internal control structure categories listed above we obtained an understanding of the design of relevant policies and procedures and whether they are in operation and we have assessed internal control risk.

We noted certain matters involving internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of internal control structures that in our judgement could adversely affect the entity's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements.

The reportable conditions noted were :

- Lack of liaison between the Ministry of Finance, Economic Planning and Development and the implementing agencies when projects were approved.
- Transfer of funds from special accounts to the Exchequer despite non-submission of expenditure returns.
- Lack of adequate reconciliations at the Ministry of Public Construction and National Housing.
- Lack of supporting documentation at the :
 - * Ministry of Lands, Agriculture and Rural Development
 - * Ministry of Education
 - * Ministry of Environment and Tourism

A material weakness is a reportable condition in which the design or operation of internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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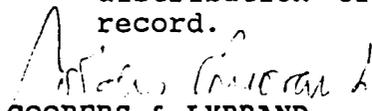
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Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and accordingly would not necessarily disclose all reportable conditions that are also considered to be material weakness as defined above. We believe the reportable conditions described above constitute material weaknesses.

Financial information contained in this report may be privileged. The Restrictions of 18 US 1905 should be considered before any information is released to the public. This report is intended solely for the use of the Government of Zimbabwe and USAID but this is not intended to limit the distribution of the report, if it is a matter of public record.


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SEPTEMBER 30, 1992

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2.2 INTRODUCTION

2.2.1 Definition

The American Institute of Certified Public Accountants (AICPA) Codification of Auditing Standards section 319, defines an organisation's internal control structure as consisting of the policies and procedures established to provide reasonable assurance that a specific entity's objectives will be achieved. The internal control structure is composed of three elements.

- control environment
- the accounting system
- control procedures

The control environment reflects the overall attitude awareness and actions of management. The accounting system consists of methods and records established to identify, assemble, analyse, classify, record and report transactions; control procedures are those policies and procedures in addition to the control environment and accounting systems that management has established to safeguard the organisation's resources.

2.2.2 Work Performed

Our review of the internal control structure was directed towards those elements which related to the nature of the funding of the projects under USAID/Zimbabwe grant agreements 613-K-603 through 613-K-607. Our findings are summarised as follows;

CONTROL ENVIRONMENT

- Project approval notification (MFEPD)

ACCOUNTING SYSTEM

- Transfer of funds from the special accounts to the Exchequer (MFEPD)
- Nominal ledger (MFEPD)

CONTROL PROCEDURES

- Missing documentation (MLARD, ME, MET)
- Reconciliations (MPCNH)
- Management reports (MPCNH, ME, MET, MCCD)
- Review of commitment register (MPCNH, ME, MET)
- Non cancellation of documents after payment (MCCD)

2.3 FINDINGS AND RECOMMENDATIONS

2.3.1 MFEPD

PROJECT APPROVAL & NOTIFICATION

Finding

There is an apparent lack of communication of approval of donor funded projects between MFEPD and the implementing agencies. This is evidenced by the following situations;

- Where USAID/Zimbabwe has provided an allocation, but no transfers are made from the special accounts to the Exchequer and the projects are completed or are in progress,
- where USAID/Zimbabwe has provided an allocation and the projects have not started.

This has resulted in government and other donor funds being utilised in the otherwise USAID/Zimbabwe funded projects listed on Exhibit XII. Additionally, projects are being unduly delayed.

Recommendation No. 4

3. Close liaison between MFEPD and the implementing agencies is necessary at the project approval stage so that the implementing agencies are aware of donor funded projects.

MFEPD's comment (Under Secretary)

Transfers to the Exchequer are a function of expenditure reported by implementing agencies. Failure to effect such transfers does not imply lack of communication between the Ministry of Finance and implementing agencies, but rather failure of the latter to furnish the expenditure returns. Furthermore, under each grant a special committee is set up to recommend new allocation and its members include representatives from the implementing agencies and USAID/Zimbabwe.

2.3.2 MFEPD

TRANSFER OF FUNDS FROM THE SPECIAL ACCOUNTS TO THE EXCHEQUER ACCOUNT

Finding

We noted a number of transfers amounting to Z\$ 8 923 000 (US\$ 3 749 160) where the MFEPD transferred funds from the special accounts to the Exchequer account despite the fact that returns of expenditure were not being received from the relevant implementing agencies. Such amounts have been reflected as questioned advances on the Fund Accountability Statements. This may result in use of donor funds by Government of Zimbabwe for other purposes for as long as the implementing agency has not incurred any expenditure.

Recommendation No.5

Refer to Recommendation No. 3

MFEPD's Comment (Under Secretary)

Cases of tranfers to the Exchequer without expenditure having been reported by implementing agencies arose from the previous practice of basing such transfers on vote of credit requests (ie requests for funds by implementing agencies).

2.3.3 MFEPD

INTERNAL CONTROL

Finding

We noted that no nominal ledger is being maintained. Presently financial statements relating to donor funded projects are being prepared from subsidiary books ie. the cash book and expenditure ledger. We understand that in the past this caused balancing problems at year end.

Recommendation No.6

Although for our audit purposes the expenditure ledger was noted to be adequate, we recommend that a nominal ledger be maintained.

MFEPD's Comment (Under Secretary)

Agreed.

2.3.4 MLARD

MISSING DOCUMENTATION

Finding

We were unable to locate certain supporting documents selected for audit tests relating to expenditure incurred on the Radio Communication - Agritex Project amounting to Z\$ 497 000 (US\$ 208 824). Lack of supporting documentation may have resulted in unauthorised transactions being processed.

Recommendation No.7

All documentation should be properly filed and be kept for at least three years after the date of the last disbursements by A.I.D under the grant as required by the grant agreements.

Implementing Agency's Comment (Under Secretary)

As was noted the incidence of missing documents has been significantly reduced due to implementation of a document tracking system whereby all documents sent to Central Payments Office (CPO) are recorded in a register. We are in the process of designing a system whereby documents will be filed according to projects.

2.3.5 MPCNH

RECONCILIATIONS

Finding

1. The following reconciliations are not being performed:
 - monthly expenditure returns to the manual contracts records.
 - quarterly project reports to the manual contract records. In fact, quarterly reports are not being prepared.
 - manual contract records to the CPO generated printouts.

Preparation of these reconciliations would enhance: completeness and accuracy of monthly expenditure returns, completeness and accuracy of project reports prepared by the MFEPD and completeness and accuracy of payments made by CPO.

Recommendation No.8

2. In order to enhance the effectiveness of the system of internal control, we recommend that these reconciliations be performed.

Implementing ministry's comment (Under Secretary)

3. The department, especially the Capital Works Section is understaffed and has not been able to cope with the workload. The situation should improve if authority to employ another officer is granted.

MANAGEMENT REPORTS

Finding

4. The MPCNH does not prepare reports detailing the status of various projects. These reports, especially those relating to expenditure levels, are generated by the MFEPD. This means that the MPCNH has no way of checking whether the project status and the level of expenditure reported by the MFEPD is accurate.

Recommendation No.9

5. We recommend that quarterly project reports be maintained. These reports would detail the following:

- project name
- the total allocation
- cumulative expenditure
- unexpended balance
- brief narration of project status

Implementing Agency's comment (Under Secretary)

Agreed.

2.3.6

MPCNH

REVIEW OF COMMITMENT REGISTER BY SENIOR PERSONNEL

Finding

6. There is no evidence of review of the reconciliation of the commitment register to the CPO printout by senior personnel. This may result in invalid or fraudulent transactions being processed.

Recommendation No.10

7. We recommend that senior personnel (at least one grade above the person responsible for preparing the reconciliation) review reconciliations of the CPO printout to the commitment register on a monthly basis in order to identify mispostings, invalid and fraudulent transactions.

Implementing Agency's Comments (Under Secretary)

8. Agreed.

2.3.7

ME

MISSING DOCUMENTATION

Finding

1. We were unable to locate certain documents to support expenditure for the Research and Evaluation Project amounting to Z\$ 18 438 (US\$ 7 474) selected for audit tests in the Ministry of Primary & Secondary Education. Lack of supporting documentation may have resulted in unauthorised transactions being processed.

Recommendation No.11

2. Per recommendation No.7

Implementing Agency's Comment (Under Secretary)

3. This has been noted and will be addressed. The filing system of documents will be closely reviewed.

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ME (CONTINUED)

REVIEW OF COMMITMENT REGISTER BY SENIOR PERSONNEL

Finding

4. There is no evidence of review of the reconciliation of the commitment register to the CPO printout by senior personnel. This may result in invalid or fraudulent transactions being processed.

Recommendation No.12

5. Per recommendation No.10

Implementing Agency's Comment (Under Secretary)

6. Agreed.

2.3.8

MET

MISSING DOCUMENTATION

Finding

1. We were unable to locate a certain document to support expenditure for Extension Education - Soft Project amounting to Z\$32 214 (US\$13 535) selected for audit tests. Lack of supporting documentation may have resulted in unauthorised transactions being processed.

Recommendation No.13

2. Per recommendation No. 7

Implementing Agency's Comment (Under Secretary)

3. Of all documents requested for audit only one could not be located. This could have been lost when documents were sent to CPO. A register was introduced in February 1992 to closely monitor the movement of documents to and from CPO.

MANAGEMENT REPORTS

Finding

4. The MET does not prepare reports detailing the status of various projects. These reports especially those relating to expenditure levels are generated by the MFEPD. This means that the MET has no way of checking whether the project status and the level of expenditure reported by the MFEPD is accurate.

Recommendation No.14

5. Per recommendation No. 9

Implementing Agency's Comment (Under Secretary)

6. Agreed.

2.3.9 MET

REVIEW OF COMMITMENT REGISTER BY SENIOR PERSONNEL

Finding

7. There is no evidence of review of the reconciliation of the commitment register to the CPO printout by senior personnel. This may result in invalid or fraudulent transactions being processed.

Recommendation No.15

8. Per recommendation No. 10

Implementing Agency's Comment (Under Secretary)

9. Agreed.

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2.3.10 MCCD

MANAGEMENT REPORTS

Finding

1. The MCCD does not prepare reports detailing the status of various projects. These reports, especially those relating to expenditure levels, are generated by the MFEPD. This means that the MCCD has no way of checking whether the project status and the level of expenditure reported by the MFEPD is accurate.

Recommendation No.16

2. Per recommendation No.9

Implementing Agency's Comment (Under Secretary)

3. Agreed.

NON CANCELLATION OF DOCUMENTS AFTER PAYMENT

Finding

4. It was noted that documents are not being cancelled on payment.

Recommendation No.17

5. We recommend that documents be stamped "paid" or cancelled on payment to prevent duplicate payments being made.

Implementing Agency's Comment (Under Secretary)

6. Agreed.

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3. AUDIT REPORT ON COMPLIANCE WITH GRANT AGREEMENT TERMS

3.1 Independent Auditor's Report

We have audited the Fund Accountability Statements for selected expenditure under USAID/Zimbabwe grant agreements 613-K-603 through 613-K-607 as at and for the two years ended June 30, 1991 and have issued a report thereon dated September 30, 1992.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards (1988 Revision), issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance that the Fund Accountability Statements are free of material misstatements.

Compliance with grant agreement terms applicable to grants 613-K-603 through 613-K-607 is the responsibility of the Government of Zimbabwe. As part of the work conducted to obtain reasonable assurance that the Fund Accountability Statements are free of material misstatements we performed tests of Government's compliance with certain grant agreement terms. However, our objective was not to provide an opinion on the overall compliance with such provisions.

With respect to submission of quarterly expenditure by the Ministry of Finance Economic Planning and Development to USAID/Zimbabwe we noted that reports relating to Zimbabwe Agricultural Sector Assistance Programme (ZASA) are not being submitted timeously and do not show amounts committed. In addition certain reports were inaccurately prepared as they did not agree to the expenditure ledger and do not contain information regarding commitments.

Except as described above, results of our tests indicated that, with respect to the items tested, Government of Zimbabwe complied in all material respects, with the provisions referred to in the preceding paragraph. With respect to items not tested nothing came to our attention

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that caused us to believe that Government of Zimbabwe had not complied in all material respects, with provisions.

Financial information contained in this report may be privileged. The restrictions of 18 USC 1905 should be considered before any information is released to the public. This report is intended solely for the use of the Government of Zimbabwe and USAID but this is not intended to limit the distribution of the report, if it is a matter of public record.

W. J. W. W. W. W. W.
COOPERS & LYBRAND

SEPTEMBER 30, 1992

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COMPLIANCE WITH GRANT AGREEMENT TERMS

3.2. INTRODUCTION

The following terms and conditions were tested for compliance:-

- (a) Whether project funding was materially agreed to between USAID/Zimbabwe and Government of Zimbabwe.
- (b) Whether the Government of Zimbabwe submitted quarterly financial expenditure reports to USAID/Zimbabwe.
- (c) Whether reports submitted to the Ministry of Finance, Economic Planning and Development by the implementing agencies were on a cash basis of accounting.
- (d) Whether the actual amount expended was compared to the allocation.
- (e) Whether the grantee made available all records.
- (f) That no member of the US Congress or resident US Commissioner shared in any part of the grant.

Summary of Audit Results

Except for MFEPD, our audit revealed that all other implementing ministries/parastatals listed on Exhibit 15 complied with all the above points.

3.3 FINDINGS AND RECOMMENDATIONS

MFEPD

Submission of quarterly expenditure reports

Finding

- 1. Quarterly expenditure reports in respect of Zimbabwe Agricultural Sector Assistance Programme (ZASA) are not being submitted within 45 days of the end of the quarter as required by grants 613-K-604 and 613-K-607.

Recommendation No.18

- 2. We recommend that the above mentioned reports should be submitted timeously.

MFEPD's COMMENTS (Under Secretary)

- 3. Agreed.

MFEPD

Project commitments

Finding

4. We noted that the quarterly expenditure reports do not provide any information pertaining to commitments as required by the provisions of the grant agreement number 613-k-607.

Recommendation No.19

5. Commitments should be recorded on the quarterly reports as required by the terms of grant agreements.

MFEPD COMMENTS (Under Secretary)

6. The first column in the quarterly expenditure report shows commitments under the heading "Allocations".

7. **Reconciliation of quarterly expenditure reports to the expenditure ledger**

Finding

8. We noted the following differences between the quarterly expenditure reports sent to USAID/Zimbabwe and the expenditure ledger maintained by MFEPD as at June 30, 1991;

Implementing Agency/Ministry	Expenditure per Report Z\$	Expenditure per Ledger Z\$	Difference Z\$
MINISTRY OF LANDS, AGRICULTURE & RURAL RESETTLEMENT			
613-K-604 Nenhowe/Nyanyadzi Irrigation	1 029 397,60	742 138,28	287 259,30
613-K-604 Chibero College Expansion	947 740,00	947 574,00	166,00
613-K-604 Dip Tanks Construction	84 267,50	-	84 267,50
613-K-604 Cleveland Ground- nut Depot	183 811,00	187 738,00	(3 927,00)
613-K-604 Cotton Training Scholarships	240 000,00	187 194,00	52 806,00
MINISTRY OF PUBLIC CONSTRUCTION AND NATIONAL HOUSING			
613-K-605 Belvedere Teachers' College	3 548 000,00	3 458 000,00	90 000,00
MINISTRY OF EDUCATION			
613-K-606 Research & Evaluation	18 648,00	20 000,00	(1 352,00)
613-K-606 Inservice Courses for Administrators	728 728,00	751 370,00	(22 642,00)
MINISTRY OF PUBLIC CONSTRUCTION AND NATIONAL HOUSING			
613-K-603 Chindunduma Secondary School	-	170 081,00	(170 081,00)
613-K-603 Msengezi Secondary School	84 768,00	89 594,00	(4 826,00)
613-K-603 Majoda Secondary School	-	1 357 342,00	(1 357 342,00)
MINISTRY OF COMMUNITY AND CO-OPERATIVE DEVELOPMENT			
613-K-603 Community Develop- ment Fund	949 241,86	963 581,81	(14 339,95)

Implementing Agency/Ministry	Expenditure per Report \$	Expenditure per Ledger \$	Difference \$
MINISTRY OF ENVIRONMENT & TOURISM			
613-K-604 Extension Education- Soft	289 056,74	347 076,55	(58 109,81)
613-K-604 Extension Education Monitoring	17 890,00	23 383,00	(5 493,00)

8. The MFEPD receives three copies of the monthly expenditure reports from the implementing ministries/parastatals. The first copy is sent to Registry, the second copy filed in an office file in which all returns of expenditure for various donors are filed and third copy is filed in a related separate donor file.

9. Quarterly expenditure reports are prepared from the office file whereas the expenditure ledger is written up using separate donor files. Our tests indicate that the donor file is a more complete record of returns. After investigating the differences we used the ledger to prepare the Fund Accountability statements.

Recommendation No.20

10. We recommend that the quarterly expenditure reports be prepared either from the ledger or from the donor file. The Chief Accountant should reconcile these reports to the ledger for accuracy and completeness before submission to USAID/Zimbabwe.

MFEPD COMMENTS (Under Secretary)

11. The quarterly expenditure report is prepared from the ledger, which contains actual expenditure figures and the donor file, which contains a record of all allocations. It is agreed however that the Chief Accountant should check the report for accuracy before it is despatched to the donor.

FUND ACCOUNTABILITY STATEMENT FOR THE TWO YEARS FROM JULY 1, 1989 THROUGH JUNE 30, 1991

REVENUE	CUMULATIVE AT 30 JUNE 1989	USAID FUNDING FOR THE TWO YEARS ENDED 30 JUNE 1991	CUMULATIVE AT 30 JUNE 1991	GOVERNMENT OF ZIMBABWE FUNDING	TOTAL REVENUE AT 30 JUNE 1991
	Z\$	Z\$	Z\$	Z\$	Z\$
Cotton Training Centre 613-K-603	863 000		863 000		863 000
Chibero College Equipment 613-K-603	100 800		100 800		100 800
Chibero College Furniture 613-K-603	36 000		36 000		36 000
Chibero College Irrigation Scheme 613-K-604	65 000		65 000		65 000
Henderson Research Station - National Dairy Project 613-K-604	76 500		76 500		76 500
Murimi/Umlimi Magazine 613-K-604	25 000		25 000		25 000
Rural Irrigation Development 613 K-604	523 700		523 700		523 700
Rutenga Mapping Study 613-K-604	380 055	22 555	402 610		402 610
Model 'D' Farm Ranching 613-K-604	500 000		500 000		500 000
Tawona Irrigation 613-K-604	138 815		138 815		138 815
Heart Water Project 613-K-604	753 094	145 480	898 574	6 329	904 903
Stackers for GMB 613-K-604	240 000		240 000		240 000
Balance Carried Forward	3 701 964	168 035	3 869 999	6 329	3 876 328

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FUND ACCOUNTABILITY STATEMENT FOR THE TWO YEARS FROM JULY 1, 1989 THROUGH JUNE 30, 1991

REVENUE	----- CUMULATIVE AT 30 JUNE 1989	USAID FUNDING FOR THE TWO YEARS ENDED 30 JUNE 1991	----- CUMULATIVE AT 30 JUNE 1991	GOVERNMENT OF ZIMBABWE FUNDING	TOTAL REVENUE AT 30 JUNE 1991
	Z\$	Z\$	Z\$	Z\$	Z\$
Balance Brought Forward	3 701 964	168 035	3 869 999	6 329	3 876 328
Inspan Sheds Middle Sabi 613-K-604	75 885		75 885		75 885
GMB Rural Depots 613-K-604	960 000	300 000	1 260 000	1 135 173	2 395 173
Nenhowe/Nyanyadzi Irrigation 613-K-604	1 465 229	222 400	1 687 629		1 687 629
Mahuwe Marketing Depot 613-K-604	470 000		470 000		470 000
Coffee Hulling Equipment 613-K-604	5 916 636		5 916 636	1 423 495	7 340 131
Cleveland Dam Depot - Additional Storage 613-K-604	-		-	187 738	187 738
Cotton Training Scholarship - KADOMA 613-K-604	225 000		225 000		225 000
Communal Sector Cotton Production Training 613-K-604		166 000	166 000	106 500	272 500
Norton Bag Depot 613-K-604		1 703 000	1 703 000		1 703 000
Henderson Agriculture 613-K-604	37 000		37 000		37 000
Training of Trainers Course - Agritex 613-K-604	19 340		19 340		19 340
Balance Carried Forward	12 871 054	2 559 435	15 430 489	2 859 235	18 289 724

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FUND ACCOUNTABILITY STATEMENT FOR THE TWO YEARS FROM JULY 1, 1989 THROUGH JUNE 30, 1991

REVENUE	----- CUMULATIVE AT 30 JUNE 1989	USAID FUNDING FOR THE TWO YEARS ENDED 30 JUNE 1991	----- CUMULATIVE AT 30 JUNE 1991	GOVERNMENT OF ZIMBABWE FUNDING	TOTAL REVENUE AT 30 JUNE 1991
	Z\$	Z\$	Z\$	Z\$	Z\$
Balance Brought Forward	12 871 054	2 559 435	15 430 489	2 859 235	18 289 724
Gwebi College Expansion 613-K-604	1 000 000		1 000 000		1 000 000
Agriculture Data Analysis 613-K-604	20 000	8 982	28 982		28 982
Trucks for Rural Milk Distribution- LMB 613-K-604	300 000		300 000	1 712 358	2 012 358
Locust Control 613-K-604	50 000	30 836	80 836		80 836
Pig Production Training Centre 613-K-604	200 000		200 000		200 000
Radio Communications - Agritex 613-K-604	1 300 675		1 300 675	239 000	1 539 675
Dip Tanks Construction 613-K-604				84 628	84 628
Co-op Warehousing Development Fund 613-K-604	1 500 000	500 000	2 000 000		2 000 000
Cotton Training Centre 613-K-604				200 706	200 706
New Dip Tanks 613-K-604	442 630	57 370	500 000		500 000
Balance Carried Forward	17 684 359	3 156 623	20 840 982	5 095 927	25 936 909

FUND ACCOUNTABILITY STATEMENT FOR THE TWO YEARS FROM JULY 1, 1989 THROUGH JUNE 30, 1991

REVENUE	-----	USAID FUNDING	-----	GOVERNMENT	TOTAL
	CUMULATIVE AT 30 JUNE 1989	FOR THE TWO YEARS ENDED 30 JUNE 1991	CUMULATIVE AT 30 JUNE 1991	OF ZIMBABWE FUNDING	REVENUE AT 30 JUNE 1991
	Z\$	Z\$	Z\$	Z\$	Z\$
Balance Brought Forward	17 684 359	3 156 623	20 840 982	5 095 927	25 936 909
Connection of Cotton Training Centre to Kadoma Municipality 613-K-604	42 497		42 497	17 159	59 656
Toxicology 613-K-604		31 000	31 000		31 000
Z\$	<u>17 726 856</u>	<u>3 187 623</u>	<u>20 914 479</u>	<u>5 113 086</u>	<u>26 027 565</u>
US\$	7 448 259	<u>1 339 337</u>	<u>8 787 596</u>	<u>2 148 356</u>	<u>10 934 301</u>

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FUND ACCOUNTABILITY STATEMENT FOR THE TWO YEARS FROM JULY 1, 1989 THROUGH JUNE 30, 1991

EXPENDITURE	CUMULATIVE AT 30 JUNE 1989	EXPENDI- TURE CLAIMED FOR THE TWO YEARS ENDED 30 JUNE 1991	CUMULATIVE AT 30 JUNE 1991	UNEXPEN- DED AMOUNTS	ACCEPTED	UNSUP- PORTED	ADVANCES-----	
							QUESTI- ONED FOR THE PERIOD TO 30 JUNE 1989	QUESTIONED FOR THE TWO YEARS ENDED 30 JUNE 1991 A B
	Z\$	Z\$	Z\$	Z\$	Z\$	Z\$	Z\$	Z\$
Cotton Training Centre 613-K-603	862 563		862 563				437	
Chibero College Equipment 613-K-603	94 727		94 727				6 073	
Chibero College Furniture 613-K-603	34 627		34 627				1 373	
Chibero College Irriga- tion Scheme 613-K-604	47 360		47 360				17 640	
Henderson Research Station - National Dairy Project 613-K-604	76 000		76 000				500	
Murimi/Umlimi Magazine 613-K-604							25 000	
Rural Irrigation Development 613-K-604							523 700	
Balance Carried Forward	1 115 277		1 115 277				574 723	

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FUND ACCOUNTABILITY STATEMENT FOR THE TWO YEARS FROM JULY 1, 1989 THROUGH JUNE 30, 1991

EXPENDITURE	CUMULATIVE AT 30 JUNE 1989	EXPENDI- TURE CLAIMED FOR THE TWO YEARS ENDED 30 JUNE 1991	CUMULATIVE AT 30 JUNE 1991	UNEXPEN- DED AMOUNTS	ACCEPTED	UNSUP- PORTED	ADVANCES	
							QUESTI- ONED FOR THE PERIOD TO 30 JUNE 1989	QUESTIONED FOR THE TWO YEARS ENDED 30 JUNE 1991 A B
	Z\$	Z\$	Z\$	Z\$	Z\$	Z\$	Z\$	Z\$
Balance Brought Forward	1 115 277		1 115 277				574 723	
Rutenga Mapping Study 613-K-604	262 030	139 756	401 786	824	139 756			
Model D'Farrm Ranching 613-K-604	353 957		353 957				146 043	
Tawona Irrigation 613-K-604	97 478	(705)	96 773		(705)		42 042	
Heart Water Project 613-K-604	798 575	106 328	904 903		106 328			
Stackers for GMB 613-K-604	231 689		231 689				8 311	
Inspan Sheda Middle Sabi 613-K-604	885		885				75 000	
GMB Rural Depots 613-K-604	954 276	1 440 897	2 395 173		1 440 897			
Nenhowe, Nyanyadzi Irrigation 613-K-604	935 573	93 825	1 029 398	658 231	93 825			
Mahuwe Marketing Depot 613-K-604	449 977		449 977				20 023	
Coffee Hulling Equipment 613-K-604	7 340 131		7 340 131					
Balance Carried Forward	12 539 848	1 780 101	14 319 949	659 055	1 780 101		866 142	

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FUND ACCOUNTABILITY STATEMENT FOR THE TWO YEARS FROM JULY 1, 1989 THROUGH JUNE 30, 1991

EXPENDITURE	CUMULATIVE AT 30 JUNE 1989	EXPENDI- TURE CLAIMED FOR THE TWO YEARS ENDED 30 JUNE 1991	CUMULATIVE AT 30 JUNE 1991	UNEXPEN- DED AMOUNTS	ACCEPTED	UNSUP- PORTED	QUESTI- ONED FOR THE PERIOD TO 30 JUNE 1989	ADVANCES QUESTIONED FOR THE TWO YEARS ENDED 30 JUNE 1991	
								A	B
	Z\$	Z\$	Z\$	Z\$	Z\$	Z\$	Z\$	Z\$	Z\$
Balance Brought Forward	12 539 848	1 780 101	14 319 949	659 055	1 780 101		866 142		
Cleveland Dam Depot - Additional Storage 613-K-604		187 738	187 738		187 738				
Cotton Training Scholarship - KADOMA 613-K-604		187 194	187 194	37 806	187 194				
Communal Sector Cotton Production Training 613-K-604		272 500	272 500		272 500				
Norton Bag Depot 613-K-604									1 703000
Henderson Agriculture 613-K-604	5 027		5 027				31 973		
Training of Trainers Course - Agritex 613-K-604							19 340		
Gwebi College Expansion 613-K-604							1 000 000		
Agriculture Data Analysis 613-K-604	19 582		19 582				9 400		
Balance Carried Forward	12 564 457	2 427 533	14 991 990	696 861	2 427 533		1 926 855		1 703000

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FUND ACCOUNTABILITY STATEMENT FOR THE TWO YEARS FROM JULY 1, 1989 THROUGH JUNE 30, 1991

EXPENDITURE	CUMULATIVE AT 30 JUNE 1989	EXPENDI- TURE CLAIMED FOR THE TWO YEARS ENDED 30 JUNE 1991	CUMULATIVE AT 30 JUNE 1991	UNEXPEN- DED AMOUNTS	ACCEPTED	-----ADVANCES-----			
						UNSUP- PORTED	QUESTI- ONED FOR THE PERIOD TO 30 JUNE 1989	QUESTIONED FOR THE TWO YEARS ENDED 30 JUNE 1991	
	Z\$	Z\$	Z\$	Z\$	Z\$	Z\$	Z\$	A	B
Balance Brought Forward									
Trucks for Rural Milk Distribution - DMB 613-K-604	12 564 457	2 427 533	14 991 990	696 861	2 427 533		1 926 855		1 703 000
Locust Control 613-K-604	2 012 358		2 012 358						
Pig Production Training Centre 613-K-604	25 991	(21 155)	4 835	76 000	(21 155)				
Radio Communications-Agritex 613-K-604							200 000		
Dip Tanks Construction 613-K-604	1 042 675	497 000	1 539 675			497 000			
Co-op Warehousing Development Fund 613-K-604		84 628	84 628		84 628				
Balance Carried Forward	500 000		500 000	1 500 000					
	<u>16 145 481</u>	<u>2 988 006</u>	<u>19 133 486</u>	<u>2 272 861</u>	<u>2 491 006</u>	<u>497 000</u>	<u>2 126 855</u>		<u>1 703 000</u>

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FUND ACCOUNTABILITY STATEMENT FOR THE TWO YEARS FROM JULY 1, 1989 THROUGH JUNE 30, 1991

EXPENDITURE	CUMULATIVE AT 30 JUNE 1989	EXPENDITURE CLAIMED FOR THE TWO YEARS ENDED 30 30 JUNE 1991	CUMULATIVE AT 30 JUNE 1991	UNEXPEN- DED AMOUNTS	ACCEPTED	UNSUP- PORTED	ADVANCES	QUESTIONED FOR	
							QUESTI- ONED FOR PERIOD TO 30 JUNE 1989	THE TWO YEARS ENDED 30 JUNE 1991 A B	
	Z\$	Z\$	Z\$	Z\$	Z\$	Z\$	Z\$	Z\$	Z\$
Balance Brought Forward	16 145 481	2 988 006	19 133 486	2 272 861	2 491 006	497 000	2 126 855		1 703 000
Cotton Training Centre 610-K-604		200 706	200 706		200 706				
New Dip Tanks 610K-604	438 221	61 779	500 000		61 779				
Connection of Cotton Training Centre to Kadoma 613 K-604	45 966	13 690	59 656		13 690				
Toxicology 613-K-604		31 000	31000		31 000				
	Z\$ 16 629 668	3 295 181	19 924 849	2 272 861	2 798 181	497 000	2 126 855		1 703 000
	US\$ 6 987 255	1 384 530	8 371 785	954 984	1 175 706	208 824	893 637		715 546

A = Project in progress, but no returns submitted.

B = No record of project being implemented and no returns submitted.

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EXHIBIT I

MINISTRY OF LANDS, AGRICULTURE AND RURAL RESETTLEMENT

NOTES TO THE FUND ACCOUNTABILITY STATEMENT FOR THE TWO YEARS
FROM JULY 1, 1989 THROUGH JUNE 30, 1991

1. Gwebi College Expansion
This project was financed by both USAID/Zimbabwe and Government of Zimbabwe.

Expenditure financed by USAID/Zimbabwe	Z\$1 000 000
Expenditure financed by Government of Zimbabwe	Z\$ <u>1 045 443</u>
	Z\$ <u>2 045 443</u>
	US\$ <u>859 430</u>

Expenditure financed by USAID/Zimbabwe is questioned because no returns have been submitted.

2. All the other projects with questioned advances had no returns of expenditure submitted.
3. Radio Communications - Agritex

Unsupported Expenditure	Z\$ 497 000
	US\$ 208 824

This amount was the entire expenditure on this project for the period. No documentation was available to support this expenditure. Government Funding of Project as indicated on page 33 was Z\$239 000 (US\$100 420). Approved USAID/Zimbabwe allocation to project is Z\$ 1 542 000 (US\$ 647 899) of which Z\$ 1 300 675 (US\$ 546 502) had been transferred from the special accounts to the Exchequer Account as at June 30, 1991. The Government of Zimbabwe will eventually get a refund of the Z\$ 239 000 from USAID/Zimbabwe special account. We have therefore classified the missing documentation amounting to Z\$ 497 000 as unsupported expenditure from USAID/Zimbabwe Funds.

Recommendation

Per Recommendation No.1

MINISTRY OF PUBLIC CONSTRUCTION AND NATIONAL HOUSING

EXHIBIT II

FUND ACCOUNTABILITY STATEMENT FOR THE TWO YEARS FROM JULY 1, 1989 THROUGH JUNE 30, 1991

REVENUE	CUMULATIVE AT 30 JUNE 1989	USAID FUNDING FOR THE TWO YEARS ENDED 30 JUNE 1991	CUMULATIVE AT 30 JUNE 1991	GOVERNMENT OF ZIMBABWE FUNDING	OF TOTAL REVENUE AT 30 JUNE 1991
	Z\$	Z\$	Z\$	Z\$	Z\$
Gweru Medical Assistant School 613-K-603	6 643		6 643		6 643
Bulawayo Branch Stores 613-K-603	160 063	(4 978)	155 085	518	155 603
Ewekwe Mpandawana 613-K-603	2 600 000		2 600 000		2 600 000
Field Staff Housing 613-K-603	353 500		353 500		353 500
Rural Secondary Schools 613-K-603	330 000		330 000		330 000
Government Buildings 613-K-603	197 262		197 262		197 262
Day Secondary Schools 613-K-605	3 800 000	1 200 000	5 000 000		5 000 000
Zintec Gwanda 613-K-605	700 044		700 044		700 044
Co-ops Building 613-K-605	500 000		500 000		500 000
Housing Programme- Various Ministries 613-K-605	850 000	159 000	1 009 000		1 009 000
Masvingo Technical College 613-K-605	5 365 331		5 365 331	771 622	6 136 953
Balance Carried Forward	14 862 843	1 354 022	16 216 865	772 140	16 989 005

FUND ACCOUNTABILITY STATEMENT FOR THE TWO YEARS FROM JULY 1, 1989 THROUGH JUNE 30, 1991

REVENUE	CUMULATIVE	USAID FUNDING	CUMULATIVE	GOVERNMENT OF TOTAL	OF TOTAL
	AT 30 JUNE 1989	FOR THE TWO YEARS ENDED 30 JUNE 1991	AT 30 JUNE 1991	ZIMBAWWE FUNDING	REVENUE AT 30 JUNE 1991
	Z\$	Z\$	Z\$	Z\$	Z\$
Balance Brought Forward	14 862 843	1 354 022	16 216 865	772 140	16 989 005
National Education Service Centre - Construction					
613 K-605	3 094 747	900 009	3 994 756		3 994 756
Chibero College Expansion					
613 K-604	1 059 649	440 351	1 500 000		1 500 000
Msengezi School					
613-K-603	84 768		84 768	4 806	89 574
Belvedere TC Construction					
613-K-605				630 000	630 000
Fatima Refugee College					
613-K-605	535 594		535 594	50 379	585 973
	<u>Z\$ 19 637 601</u>	<u>2 694 382</u>	<u>22 331 983</u>	<u>1 457 325</u>	<u>23 789 308</u>
US\$	<u>8 251 093</u>	<u>1 132 093</u>	<u>9 383 186</u>	<u>612 321</u>	<u>9 995 508</u>

FUND ACCOUNTABILITY STATEMENT FOR THE TWO YEARS FROM JULY 1, 1989 THROUGH JUNE 30, 1991

EXPENDITURE	----- ADVANCES -----		CUMULATIVE AT 30 JUNE 1991	UNEXPEN- DED AMOUNTS	ACCEPTED	UNSUP- PORTED	QUESTI- ONED FOR THE PERIOD TO 30 JUNE 1989	QUESTIONED FOR THE TWO YEARS ENDED 30 JUNE 1991	
	CUMULATIVE AT 30 JUNE 1989	EXPENDI- TURE CLAIMED FOR THE TWO YEARS ENDED 30 JUNE 1991						A	B
	Z\$	Z\$	Z\$	Z\$	Z\$	Z\$	Z\$	Z\$	Z\$
Gweru Medical Assistant School 613-K-603	3 143		3 143				3 500		
Bulawayo Branch Stores 613-K-603	155 603		155 603						
Kwekwe/Mpandawana 613-K-603	1 176 766		1 176 766				1 423 234		
Field Staff Housing 613-K-603	315 046	(17 016)	298 030	55 470	(17 016)				
Rural Secondary Schools 613-K-603							330 000		
Government Buildings 613-K-603	133 834		133 834				63 428		
Balance Carried Forward	1 784 392	(17 016)	1 767 376	55 470	(17 016)		1 820 162		

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FUND ACCOUNTABILITY STATEMENT FOR THE TWO YEARS FROM JULY 1, 1989 THROUGH JUNE 30, 1991

EXPENDITURE	CUMULATIVE AT 30 JUNE 1989	EXPENDI- TURE CLAIMED FOR THE TWO YEARS ENDED 30 JUNE 1991	CUMULATIVE AT 30 JUNE 1991	UNEXPEN- DED AMOUNTS	ACCEPTED	-----ADVANCES-----			
						UNSUP- PORTED	QUESTI- ONED FOR THE PERIOD TO 30 JUNE 1989	QUESTIONED FOR THE TWO YEARS ENDED 30 JUNE 1991	
	Z\$	Z\$	Z\$	Z\$	Z\$	Z\$	Z\$	A	B
Balance Brought Forward	1 784 392	(17 016)	1 767 376	55 470	(17 016)		1 820 162		
Day Secondary Schools									
613-K-605 Zintec Gwanda							3 800 000	1 200 000	
613-K-605 Co-ops Building	687 760		687 760				12 284		
613-K-605 Housing Programme- Various Ministries	341 042		341 042				158 958		
613-K-605 Masvingo Techni- cal College		5 022	839 197	169 803	5 022				
613-K-606 National Educa- tion Service Centre	5 624 891	512 062	6 136 953		512 062				
Construction									
613-K-606 Chibero College	594 756	24 771	619 527	3 375 229	24 771				
Expansion									
613-K-604	917 036	30 539	947 575	552 426	30 539				
Balance Carried Forward	10 784 052	555 378	11 339 430	4 152 928	555 378		5 791 404	1 200 000	

MINISTRY OF PUBLIC CONSTRUCTION AND NATIONAL HOUSING

EXHIBIT II

FUND ACCOUNTABILITY STATEMENT FOR THE TWO YEARS FROM JULY 1, 1989 THROUGH JUNE 30, 1991

EXPENDITURE	CUMULATIVE AT 30 JUNE 1989	EXPENDI- TURE CLAIMED FOR THE TWO YEARS ENDED 30 JUNE 1991	CUMULATIVE AT 30 JUNE 1991	UNEXPEN- DED AMOUNTS	ACCEPTED	-----ADVANCES-----			
						UNSUP- PORTED	QUESTI- ONED FOR THE PERIOD TO 30 JUNE 1989	QUESTIONED FOR THE TWO YEARS ENDED 30 JUNE 1991	
	Z\$	Z\$	Z\$	Z\$	Z\$	Z\$	Z\$	A	B
Balance Brought Forward	10 784 052	555 378	11 339 430	4 152 928	555 378		5 791 404	1 200 000	
Msengezi Schools 613-K-003	42 970	46 604	89 574		46 604				
Belvedere TC Construction 613-K-606	450 000	180 000	630 000		180 000				
Fatima Refugee School 613-K-605	554 401	31 572	585 973		31 572				
	Z\$ <u>11 831 423</u>	<u>813 554</u>	<u>12 644 977</u>	<u>4 152 928</u>	<u>813 554</u>		<u>5 791 404</u>	<u>1 200 000</u>	
	US\$ 4 971 186	341 829	5 313 016	1 744 928	341 829		2 433 363	504 202	

A = Project in progress, but no returns submitted.

B = No record of project being implemented and no returns submitted.

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EXHIBIT II

MINISTRY OF PUBLIC CONSTRUCTION AND NATIONAL HOUSING

NOTES TO THE FUND ACCOUNTABILITY STATEMENT FOR THE TWO YEARS ENDED
30 JUNE 1991

1. Day Secondary Schools

Questioned advances for the two years ended 30 June 1991
Z\$ 1 200 000
US\$ 504 202

A payment of Z\$ 1 200 000 (US\$ 504 202) was made from the special account to the Government of Zimbabwe Exchequer account during the two years ended 30 June 1991.

This amount together with Z\$ 3 800 000 (US\$1 596 639) brought forward from the period to 30 June 1989 is being questioned as no returns of expenditure were submitted.

Negotiations between USAID/Zimbabwe and the Government of Zimbabwe are presently underway to establish the validity of these advances.

2. All the other projects with questioned advanced had no returns of expenditure submitted.

Recommendation

Per Recommendation No.1

FUND ACCOUNTABILITY STATEMENT FOR THE TWO YEARS FROM JULY 1, 1989 THROUGH JUNE 30, 1991

REVENUE	-----USAID FUNDING-----			GOVERNMENT OF ZIMBABWE FUNDING	TOTAL REVENUE AT 30 JUNE 1991
	CUMULATIVE AT 30 JUNE 1989	FOR THE TWO YEARS ENDED 30 JUNE 1991	CUMULATIVE AT 30 JUNE 1991		
	Z\$	Z\$	Z\$	Z\$	Z\$
Adult Literacy Materials 613 K-603	419 285		419 285		419 285
UZ Staff Development 613-K-606		6 000	6 000		6 000
Examination Branch 613 K-606	1 600 000		1 600 000		1 600 000
Upgrading former Primary Teachers 613-K-606	89 000		89 000		89 000
Belvedere TC Equipment 613-K-606	480 000		480 000		480 000
Secondary School Technical Kits 613 K-606	4 361 948	389 579	4 751 527		4 751 527
Distance Education Materials 613-K-606	2 088 038	403 784	2 491 822	469 306	2 961 128
Research & Evaluation 613 K-606	20 000		20 000		20 000
Staff Development 613 K-606	123 000	(4 129)	118 871	222 703	341 574
Computerization of Regions 613-E-606	1 492 117		1 492 117	30 727	1 522 844
Teachers' Boreholes 613K-606	45 000	43 495	88 495	10 004	98 499
Balance Carried Forward	10 718 388	838 729	11 557 117	732 740	12 289 857

FUND ACCOUNTABILITY STATEMENT FOR THE TWO YEARS FROM JULY 1, 1989 THROUGH JUNE 30, 1991

REVENUE	CUMULATIVE	USAID FUNDING	CUMULATIVE	GOVERNMENT	OF TOTAL
	AT 30 JUNE 1989	FOR THE TWO YEARS ENDED 30 JUNE 1991	AT 30 JUNE 1991	ZIMBABWE FUNDING	REVENUE AT 30 JUNE 1991
	Z\$	Z\$	Z\$	Z\$	Z\$
Balance Brought Forward	10 718 388	838 729	11 557 117	732 740	12 289 857
National Education Service Centre Equipment 613-K-606		800 000	800 000		800 000
Brothers Brother Book Programme 613-K-606	20 000	17 000	37 000	99 105	136 105
Inservice Courses for School Administrators 613-K-606				751 370	751 370
Belvedere Technical College 613-K-606	2 000 000		2 000 000		2 000 000
Mission Secondary Schools 613-K-605	1 300 000		1 300 000		1 300 000
	<u>Z\$14 038 388</u>	<u>1 655 729</u>	<u>15 694 117</u>	<u>1 583 215</u>	<u>17 277 332</u>
US\$	<u>5 898 482</u>	<u>695 684</u>	<u>6 594 416</u>	<u>665 216</u>	<u>7 259 383</u>

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FUND ACCOUNTABILITY STATEMENT FOR THE TWO YEARS FROM JULY 1, 1989 THROUGH JUNE 30, 1991

EXPENDITURE	CUMULATIVE AT 30 JUNE 1989	EXPENDI- TURE CLAIMED FOR THE TWO YEARS ENDED 30 JUNE 1991	CUMULATIVE AT 30 JUNE 1991	UNEXPEN- DED AMOUNTS	ACCRPTED	-----ADVANCES-----			
						UNSUP- PORTED	QUESTI- ONED FOR THE PERIOD TO 30 JUNE 1989	QUESTIONED FOR THE TWO YEARS ENDED 30 JUNE 1991	
	Z\$	Z\$	Z\$	Z\$	Z\$	Z\$	Z\$	A	B
Adult Literacy Materials									
613-K-603	139 682	45 665	185 347	233 938	45 665				
UZ Staff Development									
613-K-606									6 000
Examination Branch									
613-K-606	1 370 066	38 127	1 408 193	191 807	38 127				
Upgrading former Primary Teachers									
613-K-606	37 563		37 563						
Belvedere TC Equipment								51 437	
613-K-606	352 834		352 834					127 166	
Secondary School Technical Kits									
613-K-606	4 351 527	354 444	4 705 971	45 556	354 444				
Distance Education Materials									
613-K-606	2 263 975	697 153	2 961 128		697 153				
Research & Evaluation									
613-K-606	1 562	18 438	20 000				18 438		
Staff Development									
613-K-606	44 871	296 703	341 574		296 703				
Balance Carried Forward	8 562 080	1 450 530	10 012 610	471 301	1 432 092	18 438	178 603		6 000

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FUND ACCOUNTABILITY STATEMENT FOR THE TWO YEARS FROM JULY 1, 1989 THROUGH JUNE 30, 1991

EXPENDITURE	CUMULATIVE	EXPENDI-	CUMULATIVE	UNEXPEN-	ACCEPTED	UNSUP-	ADVANCES	QUESTIONED FOR	
	AT 30 JUNE 1989	TURE CLAIMED FOR THE TWO YEARS ENDED 30 JUNE 1991	AT 30 JUNE 1991	DED AMOUNTS		PORTED	QUESTI- ONED FOR THE PERIOD TO 30 JUNE 1989	A	B
	Z\$	Z\$	Z\$	Z\$	Z\$	Z\$	Z\$	Z\$	Z\$
Balance Brought Forward	8 562 080	1 450 530	10 012 610	471 301	1 432 092	18 438	178 603		6 000
Computerisation of Regions 613-K-606	1 219 776	303 068	1 522 844		303 068				
Teachers' Poreholes 613-K-606	43 549	54 950	98 499		54 950				
National Education Service Centre Equipment 613-K-606		176 337	176 337	623 663	176 337				
Brothers Brother Book Programme 613-K-606		136 105	136 105		136 105				
Inservice Courses for School Administrators 613-K-606		751 370	751 370		751 370				
Bolvedere Technical College 613-K-606	787 533		787 533				1 212 467		
Mission Secondary Schools 613-K-605	489 574		489 574				810 426		6 000
	Z\$ 11 192 512	2 872 360	13 974 872	1 094 964	2 853 922	18 438	2 201 496	0	6 000
	US\$ 4 664 921	1 206 874	5 871 715	460 069	1 199 127	7 747	924 998	0	2 521

A = Project in progress, but no returns submitted.

B = No record of project being implemented and no returns submitted.

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MINISTRY OF EDUCATION

EXHIBIT III

NOTES TO THE FUND ACCOUNTABILITY STATEMENT FOR THE TWO YEARS FROM
JULY 1, 1989 THROUGH JUNE 30, 1991

1. Research and Evaluation unsupported expenditure Z\$ 18 438 (US\$ 7 747). We were unable to locate documentation for the above expenditure.
2. All the other projects with questioned advances had no returns of expenditure submitted.

Recommendation

Per Recommendation No.1

FUND ACCOUNTABILITY STATEMENT FOR THE TWO YEARS FROM JULY 1, 1989 THROUGH JUNE 30, 1991

REVENUE	USAID FUNDING			GOVERNMENT OF ZIMBABWE FUNDING	TOTAL REVENUE AT 30 JUNE 1991
	CUMULATIVE AT 30 JUNE 1989	FOR THE TWO YEARS ENDED 30 JUNE 1991	CUMULATIVE AT 30 JUNE 1991		
	Z\$	Z\$	Z\$	Z\$	Z\$
Zamboni Valley Development - anti poaching 613-K-604	577 047		577 047		577 047
Extension Education - Soft 613-K-604	140 000		140 000	207 077	347 077
Extension Education Monitoring 613-K-604				23 383	23 383
Extension Education Programme - Hard 613-K-604		90 000	90 000	1 496	91 496
	Z\$ <u>717 047</u>	<u>90 000</u>	<u>807 047</u>	<u>231 956</u>	<u>1 039 003</u>
	US\$ <u>301 280</u>	<u>37 815</u>	<u>339 095</u>	<u>97 461</u>	<u>43 656</u>

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FUND ACCOUNTABILITY STATEMENT FOR THE TWO YEARS FROM JULY 1, 1989 THROUGH JUNE 30, 1991

EXPENDITURE	CUMULATIVE AT 30 JUNE 1989	EXPENDI- TURE CLAIMED FOR THE TWO YEARS ENDED 30 JUNE 1991	CUMULATIVE AT 30 JUNE 1991	UNEXPEN- DED AMOUNTS	ACCEPTED	UNSUP- PORTED	ADVANCES-----		
							QUESTI- ONED FOR THE PERIOD TO 30 JUNE 1989	QUESTIONED FOR THE TWO YEARS ENDED 30 JUNE 1991 A B	
	Z\$	Z\$	Z\$	Z\$	Z\$	Z\$	Z\$	Z\$	Z\$
Zambezi Valley Development 613-K-604							577 047		
Extension Education - soft 613-K-604		347 077	347 077		314 863	32 214			
Extension Education Monitoring 613-K-604		23 383	23 383		23 383				
Extension Education Programme - Hard 613-K-604		91 496	91 496		91 496				
	Z\$	<u>0</u>	<u>461 956</u>	<u>0</u>	<u>429 742</u>	<u>32 214</u>	<u>577 047</u>	<u>0</u>	<u>0</u>
	US\$	<u>0</u>	<u>194 099</u>	<u>0</u>	<u>180 564</u>	<u>13 535</u>	<u>242 457</u>	<u>0</u>	<u>0</u>

A = Project in progress, but no returns submitted.

B = No record of project being implemented and no returns submitted.

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MINISTRY OF ENVIRONMENT AND TOURISM

EXHIBIT IV

NOTES TO THE FUND ACCOUNTABILITY STATEMENT FOR THE TWO YEARS ENDED
30 JUNE 1991

1. Extension Education Soft
Unsupported expenditure
- | | |
|--|-------------|
| | Z\$ 32 214 |
| | US\$ 13 535 |

We were unable to locate supporting documentation for the above expenditure. A portion of this project as indicated on Exhibit IV page 1 was financed by the Government of Zimbabwe. USAID/Zimbabwe. Approved allocation to project is Z\$1 139 800 (US\$ 478 906) of which only Z\$ 140 000 (US\$ 58 824) had been transferred from special accounts to Exchequer account as at June 30, 1991. The Government of Zimbabwe will therefore eventually re-imburse itself of the Z\$207 077 (US\$ 87 007) on Exhibit IV page 1 from the special accounts and the project will be totally USAID/Zimbabwe funded. We have therefore classified the missing documentation amounting to Z\$32 214 as unsupported expenditure from USAID/Zimbabwe funds.

2. Zambezi Valley Development
- Anticipating

Questioned advances	Z\$577 047
	US\$242 457

The amount is being questioned because no returns of expenditure has been submitted. This is currently being compiled by the implementing agency.

Recommendation

Per Recommendation No.1

FUND ACCOUNTABILITY STATEMENT FOR THE TWO YEARS FROM JULY 1, 1989 THROUGH JUNE 30, 1991

REVENUE	-----USAID FUNDING-----			GOVERNMENT OF ZIMBABWE FUNDING	TOTAL REVENUE AT 30 JUNE 1991
	CUMULATIVE AT 30 JUNE 1989	FOR THE TWO YEARS ENDED 30 JUNE 1991	CUMULATIVE AT 30 JUNE 1991		
	Z\$	Z\$	Z\$	Z\$	Z\$
Community Development Fund					
613-K-603	1 000 000		1 000 000		1 000 000
Adult Literacy Materials					
613-K-603	640 030	10 000	650 030		650 030
Audit of Co-op Union A/C					
613-K-604	200 000		200 000		200 000
Kapenta Fishing Co-op					
613-K-604	180 000		-180 000		180 000
Farmers Co-op Training					
613-K-604	475 000	90 000	565 000		565 000
Fishing Co-operative					
Kariva, Mwenda, Chalala		237 258	237 258		237 258
613-K-604					
	Z\$				
	2 495 030	337 258	2 832 288	0	2 832 288
	US\$				
	1 048 332	141 705	1 190 037	0	1 190 036

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MINISTRY OF COMMUNITY & CO-OPERATIVE DEVELOPMENT

EXHIBIT V

FUND ACCOUNTABILITY STATEMENT FOR THE TWO YEARS FROM JULY 1, 1989 THROUGH JUNE 30, 1991

EXPENDITURE	CUMULATIVE AT 30 JUNE 1989	EXPENDI- TURE CLAIMED FOR THE TWO YEARS ENDED 30 JUNE 1991	CUMULATIVE AT 30 JUNE 1991	UNEXPEN- DED AMOUNTS	ACCEPTED	UNSUP- PORTED	ADVANCES-----		
							QUESTI- ONED FOR THE PERIOD TO 30 JUNE 1989	QUESTIONED FOR THE TWO YEARS ENDED 30 JUNE 1991 A	B
	Z\$	Z\$	Z\$	Z\$	Z\$	Z\$	Z\$	Z\$	Z\$
Community Development Fund									
613-K-603 Adult Literacy Materials	728 250	235 332	963 582	36 418	235 332				
613-K-603 Audit of Co-op Union A/C	650 030		650 030						
613-K-604 Kapenta Fishing Co-op	186 000		186 000				14 000		
613-K-604 Farmers Co-op Training							180 000		
613-K-604 Fishing Co-operative Kariva, Mwenda, Chalala	446 777		446 777				28 223	90 000	
613-K-604	237 258	237 258	237 258						
	<u>Z\$ 2 011 057</u>	<u>472 590</u>	<u>2 483 647</u>	<u>36 418</u>	<u>472 590</u>	<u>0</u>	<u>222 223</u>	<u>90 000</u>	<u>0</u>
	<u>US\$ 844 982</u>	<u>198 567</u>	<u>1 043 549</u>	<u>15 302</u>	<u>198 567</u>	<u>0</u>	<u>93 371</u>	<u>37 815</u>	<u>0</u>

A = Project in progress, but no returns submitted.

B = No record of project being implemented and no returns submitted.

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Notes To The Fund Accountability Statement

1. Kapenta Fishing Co-op Z\$ 180 000 (US\$ 75 630),
Audit of Co-op Union A/C Z\$ 14 000 (US\$ 5383),
Farmers Co-op Training Z\$ 28 223 (US\$ 11 858).

These amounts are being questioned because no returns of expenditure have been submitted by the Ministry.

2. Community Development Fund
Cumulative expenditure to June 30, 1991 Z\$ 963 582
(US\$ 404 866).

This amount consists of loans advanced to Co-operative members for development of agricultural based projects. It was noted that due to severe drought being faced by the country, recoverability of the amount may be doubtful.

FUND ACCOUNTABILITY STATEMENT FOR THE TWO YEARS FROM JULY 1, 1989 THROUGH JUNE 30, 1991

REVENUE	CUMULATIVE AT JUNE 30 1989	FOR THE TWO YEARS ENDED JUNE 30 1991	CUMULATIVE AT JUNE 30 1991	OF ZIMBABWE FUNDING	REVENUE AT JUNE 30 1991
	Z\$	Z\$	Z\$	Z\$	Z\$
Council Clinics					
613-K-603	42 898		42 898		42 898
2NFPC - 5 Provincial offices					
613-K-603		2 027 073	2 027 073		2 027 073
Spilhaus Centre					
613-K-605	500 000		500 000		500 000
Blood Transfusion Services					
613-K-605	2 500 000	(110 700)	2 389 300	433 749	2 823 049
	Z\$ <u>3 042 898</u>	<u>1 916 373</u>	<u>4 959 271</u>	<u>433 749</u>	<u>5 393 020</u>
	US\$ <u>1 278 528</u>	<u>805 199</u>	<u>2 083 727</u>	<u>182 247</u>	<u>2 265 975</u>

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FUND ACCOUNTABILITY STATEMENT FOR THE TWO YEARS FROM JULY 1, 1989 THROUGH JUNE 30, 1991

EXPENDITURE	CUMULATIVE AT 30 JUNE 1989	EXPENDI- TURE CLAIMED FOR THE TWO YEARS ENDED 30 JUNE 1991	CUMULATIVE AT 30 JUNE 1991	UNEXPEN- DED AMOUNTS	ACCEPTED	UNSUP- PORTED	-----ADVANCES-----		
							QUESTI- ONED FOR THE PERIOD TO 30 JUNE 1989	QUESTIONED FOR THE TWO YEARS ENDED 30 JUNE 1991 A B	
	Z\$	Z\$	Z\$	Z\$	Z\$	Z\$	Z\$	Z\$	Z\$
Council Clinics 613-K-603	25 514		25 514				17 384		
2NPF - 5 Provincial Offices 613-K-603								2 027 073	
Spilhaus Centre 613-K-605	424 460		424 460				75 540		
Blood Transfusion Services 613-K-605	2 823 049		2 823 049						
	Z\$ <u>3 273 023</u>	<u>0</u>	<u>3 273 023</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>92 924</u>	<u>2 027 073</u>	<u>0</u>
	US\$ <u>1 375 320</u>	<u>0</u>	<u>1 375 220</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>39 044</u>	<u>851 711</u>	<u>0</u>

A = Project in progress, but no returns submitted.

B = No record of project being implemented and no returns submitted.

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MINISTRY OF HEALTH

EXHIBIT VI

NOTES TO THE FUND ACCOUNTABILITY STATEMENT FOR THE TWO YEARS FROM
JULY 1, 1989 THROUGH 30 JUNE 1991

1. ZNFPC - 5 Provincial Offices
This project was financed by both USAID/Zimbabwe and
Government of Zimbabwe.

Expenditure financed by USAID/Zimbabwe	Z\$ 2 027 073
Expenditure financed by Government of Zimbabwe	Z\$ <u>832 180</u>
	Z\$ <u>2 859 253</u>
	US\$ <u>1 201 367</u>

Expenditure financed by USAID/Zimbabwe is questioned because no
returns have been submitted. Total expenditure has been derived
from the implementing agency's audited accounts.

2. All the other projects with questioned advances had no returns
of expenditure submitted.

Recommendation

Per Recommendation No. 1

FUND ACCOUNTABILITY STATEMENT FOR THE TWO YEARS FROM JULY 1, 1989 THROUGH JUNE 30, 1991

-----USAID FUNDING-----

REVENUE	CUMULATIVE AT JUNE 30 1989	FOR THE TWO YEARS ENDED JUNE 30 1991	CUMULATIVE AT JUNE 30 1991	GOVERNMENT OF ZIMBABWE FUNDING	TOTAL REVENUE AT JUNE 30 1991
	Z\$	Z\$	Z\$	Z\$	Z\$
Accounting Manual 613-K-603	41 000		41 000		41 000
Accountant General's Staff Training 613-K-605		200 000	200 000		200 000
	Z\$ <u>41 000</u>	<u>200 000</u>	<u>241 000</u>	<u>0</u>	<u>241 000</u>
	US\$ <u>17 227</u>	<u>84 034</u>	<u>101 261</u>	<u>0</u>	<u>101 261</u>

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FUND ACCOUNTABILITY STATEMENT FOR THE TWO YEARS FROM JULY 1, 1989 THROUGH JUNE 30, 1991

EXPENDITURE	CUMULATIVE AT 30 JUNE 1989	EXPENDI- TURE CLAIMED FOR THE TWO YEARS ENDED 30 JUNE 1991	CUMULATIVE AT 30 JUNE 1991	UNEXPEN- DED AMOUNTS	ACCEPTED	UNSUP- PORTED	ADVANCES-		QUESTIONED FOR THE TWO YEARS ENDED 30 JUNE 1991
							QUESTI- ONED FOR THE PERIOD TO 30 JUNE 1989	A B	
	Z\$	Z\$	Z\$	Z\$	Z\$	Z\$	Z\$	Z\$	Z\$
Accounting Manual 613-E-6-3						41 000			
Accountant General's Staff Training 613-E-605							200 000		
	Z\$	Z\$	Z\$	Z\$	Z\$	Z\$	Z\$	Z\$	Z\$
	0	0	0	0	0	41 000	200 000	0	0
	US\$	0	0	0	0	17 227	84 034	0	0

A = Project in progress, but no returns submitted.

B = No record of project being implemented and no returns submitted.

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FUND ACCOUNTABILITY STATEMENT FOR THE TWO YEARS FROM JULY 1, 1989 THROUGH JUNE 30, 1991

REVENUE	-----USAID FUNDING-----			GOVERNMENT OF ZIMBABWE FUNDING	TOTAL REVENUE AT 30 JUNE 1991	-----ADVANCES-----			
	CUMULATIVE AT 30 JUNE 1989	FOR THE TWO YEARS ENDED 30 JUNE 1991	CUMULATIVE AT 30 JUNE 1991			UNEXPEN- DED AMOUNTS	ACCEPTED	UNSUP- PORTED	QUESTI- ONED FOR THE PERIOD TO 30 JUNE 1989
	Z\$	Z\$	Z\$	Z\$	Z\$	Z\$	Z\$	A	B
SEDCO 613-K-605	5 000 000		5 000 000						
SEDCO 613-K-605		3 696 927	3 696 927				2 371 111		
Z\$	<u>5 000 000</u>	<u>3 696 927</u>	<u>8 696 927</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2 371 111</u>	<u>0</u>	<u>3 696 927</u>
US\$	<u>2 100 840</u>	<u>1 553 331</u>	<u>3 654 171</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>996 265</u>	<u>0</u>	<u>1 553 331</u>
EXPENDITURE	CUMULATIVE AT 30 JUNE 1989	EXPENDI- TURE CLAIMED FOR THE TWO YEARS ENDED 30 JUNE 1991	CUMULATIVE AT 30 JUNE 1991	UNEXPEN- DED AMOUNTS	ACCEPTED	UNSUP- PORTED	QUESTI- ONED FOR THE PERIOD TO 30 JUNE 1989	QUESTIONED FOR THE TWO YEARS ENDED 30 JUNE 1991	
	Z\$	Z\$	Z\$	Z\$	Z\$	Z\$	Z\$	Z\$	Z\$
SEDCO 613-K-605	2 628 889		2 628 889						
SEDCO 613-K-605									3 696 927
Z\$	<u>2 628 889</u>	<u>0</u>	<u>2 628 889</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2 371 111</u>	<u>0</u>	<u>3 696 927</u>
US\$	<u>1 104 575</u>	<u>0</u>	<u>1 104 575</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>996 265</u>	<u>0</u>	<u>1 553 331</u>

A = Project in progress, but no returns submitted.

B = No record of project being implemented and no returns submitted.

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FUND ACCOUNTABILITY STATEMENT FOR THE TWO YEARS FROM JULY 1, 1989 THROUGH JUNE 20, 1991

REVENUE	-----USAID FUNDING-----			GOVERNMENT OF ZIMBAWWE FUNDING	TOTAL REVENUE AT 30 JUNE 1991	-----ADVANCES-----			
	CUMULATIVE AT 30 JUNE 1989	FOR THE TWO YEARS ENDED 30 JUNE 1991	CUMULATIVE AT 30 JUNE 1991			UNEXPEN- DED AMOUNTS	ACCEPTED	UNSUP- PORTED	QUESTI- ONED FOR THE PERIOD TO 30 JUNE 1989
	Z\$	Z\$	Z\$	Z\$	Z\$	Z\$	Z\$	A	B
Minefield Clearance 613-K-603	1 203 870	296 130	1 500 000	-		1 500 000			
Z\$	<u>1 203 870</u>	<u>296 130</u>	<u>1 500 000</u>	<u>0</u>		<u>1 500 000</u>			
US\$	<u>505 828</u>	<u>124 424</u>	<u>630 252</u>	<u>0</u>		<u>630 252</u>			
EXPENDITURE	CUMULATIVE AT 30 JUNE 1989	EXPENDI- TURE CLAIMED FOR THE TWO YEARS ENDED 30 JUNE 1991	CUMULATIVE AT 30 JUNE 1991	UNEXPEN- DED AMOUNTS	ACCEPTED	UNSUP- PORTED	QUESTI- ONED FOR THE PERIOD TO 30 JUNE 1989	QUESTIONED FOR THE TWO YEARS ENDED 30 JUNE 1991	
	Z\$	Z\$	Z\$	Z\$	Z\$	Z\$	Z\$	Z\$	Z\$
Minefield Clearance 613-K-603	1 357 033		1 357 033				142 967		
Z\$	<u>1 357 033</u>	<u>0</u>	<u>1 357 033</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>142 967</u>	<u>0</u>	<u>0</u>
US\$	<u>570 182</u>	<u>0</u>	<u>570 182</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>60 070</u>	<u>0</u>	<u>0</u>

A = Project in progress, but no returns submitted.
 B = No record of project being implemented and no returns submitted.

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MINISTRY OF ENERGY, WATER RESOURCES & DEVELOPMENT

EXHIBIT X

FUND ACCOUNTABILITY STATEMENT FOR THE TWO YEARS FROM JULY 1, 1989 THROUGH JUNE 20, 1991

REVENUE	-----USAID FUNDING-----			GOVERNMENT OF ZIMBABWE FUNDING	TOTAL REVENUE AT JUNE 30 1991	-----ADVANCES-----				
	CUMULATIVE AT JUNE 30 1989	FOR THE TWO YEARS ENDED JUNE 30 1991	CUMULATIVE AT JUNE 30 1991			UNEXPEN- DED AMOUNTS	ACCEPTED	UNSUP- PORTED	QUESTI- ONED FOR THE PERIOD TO 30 JUNE 1989	QUESTIONED FOR THE TWO YEARS ENDED 30 JUNE 1991
	Z\$	Z\$	Z\$	Z\$	Z\$	Z\$	Z\$	Z\$	Z\$	Z\$
Large Diameter Wells - WEDZA 613-K-604	100 000		100 000							
Z\$	<u>100 000</u>	<u>0</u>	<u>100 000</u>	<u>0</u>	<u>0</u>	<u>100 000</u>				
US\$	<u>42 017</u>	<u>0</u>	<u>42 017</u>	<u>0</u>		<u>42 017</u>				
EXPENDITURE	CUMULATIVE AT 30 JUNE 1989	EXPENDI- TURE CLAIMED FOR THE TWO YEARS ENDED 30 JUNE 1991	CUMULATIVE AT 30 JUNE 1991	UNEXPEN- DED AMOUNTS	ACCEPTED	UNSUP- PORTED	QUESTI- ONED FOR THE PERIOD TO 30 JUNE 1989	QUESTIONED FOR THE TWO YEARS ENDED 30 JUNE 1991	A	B
	Z\$	Z\$	Z\$	Z\$	Z\$	Z\$	Z\$	Z\$	Z\$	Z\$
Large Diameter Wells - WEDZA 613-K-604	99 212		99 212				788			
Z\$	<u>99 212</u>	<u>0</u>	<u>99 212</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>788</u>	<u>0</u>	<u>0</u>	<u>0</u>
US\$	<u>41 686</u>		<u>41 686</u>				<u>331</u>			

A = Project in progress, but no returns submitted.

B = No record of project being implemented and no returns submitted.

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FUND ACCOUNTABILITY STATEMENT FOR THE TWO YEARS FROM JULY, 1989 THROUGH JUNE 20, 1991

REVENUE	-----USAID FUNDING-----			TOTAL ZIMBABWE FUNDING	REVENUE AT 30 JUNE 1991				
	CUMULATIVE AT 30 JUNE 1989	FOR THE TWO YEARS ENDED 30 JUNE 1991	GOVERNMENT OF CUMULATIVE AT 30 JUNE 1991						
	Z\$	Z\$	Z\$	Z\$	Z\$				
Reconstruction of 7 Schools in Matebeleland South 613-K-605	88 000	58 333	146 333		146 333				
	Z\$ 88 000	58 333	146 333	0	146 333				
	US\$ 36 975	24 510	61 485	0	61 485				
EXPENDITURE	CUMULATIVE AT 30 JUNE 1989	EXPENDITURE CLAIMED FOR THE TWO YEARS ENDED 30 JUNE 1991	CUMULATIVE AT 30 JUNE 1991	UNEXPENDED AMOUNTS	ACCEPTED	-----ADVANCES-----			
	Z\$	Z\$	Z\$	Z\$	Z\$	UNSUPPORTED	QUESTIONED FOR THE PERIOD TO 30 JUNE 1989	QUESTIONED FOR THE TWO YEARS ENDED 30 JUNE 1991	
								A	B
Reconstruction of 7 Schools in Matebeleland South 613-K-605	126 394	899	127 293	19 040	899				
	Z\$ 126 394	899	127 293	19 040	899	0	0	0	0
	US\$ 53 107	378	53 485	8 000	378	0	0	0	0

A = Project in progress, but no returns submitted.

B = No record of project being implemented and no returns submitted.

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EXHIBIT XII

Government of Zimbabwe and other Donor Agencies

Funded Projects

The projects listed below were noted as having nil expenditure as per expenditure ledger. Our investigations revealed that these projects were completed and funded by either the Government of Zimbabwe or other donor Agencies as no transfers from special accounts to the Exchequer account were made to finance the expenditure.

	Approved Allocation Z\$	Expenditure to June 30, 1991 Z\$
Ministry of Lands, Agriculture and Rural Resettlement		
Irrigation Support Fund 613-k-604	2 000 000	2 000 000
Tsetse Control Camps 613-k-604	600 000	600 000
Zambezi Valley Camps 613-k-604	100 000	100 000
Foot and Mouth Disease 613-k-604	120 000	120 000
Gwebi College Expansion 613-k-604	2 250 000	1 045 443
ZASA Education Evaluation Fund 613-k-604	2 500	2 500
USDA Training Courses 613-k-604	230 000	124 300
DMB Milk Distribution 613-k-607	3 200 000	3 200 000
Institute of Agricultural Engineering Worker Housing 613-k-607	1 876 000	129 602
Wensleydale Farm Training Centre 613-k-607	1 490 147	1 490 147
Ministry of Home Affairs		
New roof for Museum - Bulawayo 613-k-605	225 000	<u>225 000</u>
Balance carried forward		9 036 992

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EXHIBIT XII

Government of Zimbabwe and other Donor Agencies
Funded Projects

	Approved Allocation Z\$	Expenditure to June 30, 1991 Z\$
Balance brought forward		9 036 992
Ministry of Health		
Zimbabwe National Family Planning Council - 5 Provincial Offices 613-k-603	3 724 000	832 180
Rural Attachment - UZ 613-k-604	54 000	54 000
Ministry of Environment and Tourism		
Management of Indigenous Forests 613-k-604	200 000	200 000
Forestry Research 613-k-604	158 000	158 000
Forestry Commission Equipment 613-k-604	150 000	150 000
National Parks Housing 613-k-605	4 000 000	4 000 000
Ministry of Education		
UZ Staff Development 613-k-606	500 000	494 000
Ministry of Finance Economic and Development Accounting Manual 613-k-603	41 500	500
Ministry of Public Construction and National Housing		
Rural Secondary Schools 613-k-605	650 000	650 000
		<u>650 000</u>
		Z\$ <u>15 575 672</u>
		US\$ 6 544 400

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LIST OF PROJECTS

EXHIBIT XIII

MINISTRY	ABBREVIATION USED	PROJECT
1. Ministry of Finance Economic Planning and Development	(MFEPD)	- Accounting Manual - Accountant General's Staff Training
2. Ministry of Lands, Agriculture and Rural Development	(MLARD)	- Rutenga Mapping - New Dip Tanks - Zimbabwe Heart Water - Toxicology - Tawona Irrigation Scheme - Nenhowe/Nyanyadzi Irrigation Scheme - Radio Communications - Agritex
- Grain Marketing Board	(GMB)	- Rural Depots - (Phase 1) - Cleveland Groundnuts Depots- (Phase 2)
- Commercial Cotton	(CCGA)	- Connection of Cotton Training Centre to Kadoma Municipality - Communal Sector Cotton Programme - Communal Sector Cotton Production Training Programme - Communal Training Scholarship - Cotton Training Centre

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LIST OF PROJECTS (CONTINUED)

EXHIBIT XIII

- | | | | |
|----|---|---------|---|
| 3. | Ministry of Public
Construction and
National Housing | (MPCNH) | - Masvingo Technical
College
- Housing for various
Ministries
- National Education
Service Centre
Construction
- Chibero
College Expansion
- Belvedere Teachers
College
- Majoda Secondary
School
- Fatima Secondary School
- Msengezi School |
| 4. | Ministry of Education
(Including both Higher
and Lower Education) | (ME) | - Exam Automation
- Secondary School
Technical Kits
- Distance Education
Materials
- Staff Development
- Computerisation of
Regions
- Adult Literacy
Materials
- National Education
Service Centre
Equipment
- In-Service Courses
for School
Administrators
- Brothers Brother
Book Programme
- Research and
Evaluation
- Teachers Boreholes
- Examination Branch
Extension |

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LIST OF PROJECTS (CONTINUED)

EXHIBIT XIII

MINISTRY	ABBREVIATION USED	PROJECT
5. Ministry of Environment and Tourism	(MET)	- Education Monitoring - Conservation and Extension Education Programme (SOFT) - Conservation and Extension Education Programme (HARD)
6. Ministry of Community	(MCCD)	- Community Development Fund - Fishing Co-operatives Kariva, Mwenda and Chalala
7. Ministry of Health	(MH)	- Spilhaus Training Centre Centre - Council Clinics - Zimbabwe National Family Planning Council (ZNFPC) 5 Provincial offices
8. Ministry of Industry and Commerce	(MIC)	- SEDCO
9. Ministry of Defence	(MD)	- Minefield Clearance
10. Ministry of Energy,	(MEWRD)	- Large Diameter Wells - WEDZA

RESULTS OF FOLLOW-ON ON DELOITTE & TOUCHE
AUDIT REPORT NO. 3-613-91-17-N DATED SEPTEMBER 16, 1991

We noted the following as still unresolved issues on recommendations made by Deloitte and Touche in their report for the period ended 30 June 11.1989.

1. Recommendation No.1

Deloitte and Touche recommend that the Director, USAID//zimbabwe, in conjunction with the Government of Zimbabwe Ministries and Parastatals, determine the allowability, and require deposits to the special account, as appropriate;

- 1.1 Questioned costs of Zimbabwe dollars 6,745,470 (US\$5 060 026); and
- 1.2 Unsupported costs of Zimbabwe dollars 25,788,142 (US\$19 831,175).

Finding

Results of our follow-on audit revealed that this recommendation is still unresolved. USAID/Zimbabwe and the Government of Zimbabwe have not yet agreed on the specific amount to be deposited into the special account.

2. Recommendation No.2

Deloitte and Touche recommend that the director, USAID/Zimbabwe require the Government of Zimbabwe to establish and implement procedures to ensure that:

- 2.1 Adequate and appropriate reconciliations are done regularly at the Zimbabwe Ministry of Public Construction and National Housing; and
- 2.2 Supporting documentation for project expenditures is required at:
 - Grain Marketing Board
 - Ministry of Local Government, Rural and Urban Development
 - Ministry of Education and Culture
 - Ministry of Community Development and Women's Affairs.

Finding

- 2.3 Adequate and appropriate reconciliation are still not being done regularly at the Zimbabwe Ministry of Public Construction and National Housing (MPCNH). This has again been included as a reportable condition on page 19 on our audit report.
- 2.4 On the aspect of missing documentation, the majority of the expenditure audited was incurred from 1982 to 1986. Documentation of this age had been legally destroyed. Also, the Government of Zimbabwe is in dispute with the extrapolation exercise done by Deloitte and Touche in arriving at figures for missing documentation.

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AUDITEE COMMENTS

MINISTRY OF FINANCE, ECONOMIC PLANNING AND DEVELOPMENT

RECOMMENDATION 1

Agreed. An exercise to determine allowability of expenditure on questioned advances for the period to 30 June 1989 is already underway.

RECOMMENDATION 2

Agreed. This aspect is covered by the quarterly expenditure report. To facilitate speedy reallocation of unused balances, implementing agencies should submit a project completion report.

RECOMMENDATION 3

Agreed. It is noted that this is now a new requirement.

RECOMMENDATION 4

Transfers to the Exchequer are a function of expenditure reported by implementing agencies. Failure to effect such transfers does not imply lack of communication between the Ministry of Finance and implementing agencies, but rather failure by the latter to furnish the required expenditure returns. Furthermore, under each grant a special committee is set up to recommend new allocations and its members include representatives from the implementing agencies and USAID/Zimbabwe.

RECOMMENDATION 5

Cases of transfers to the Exchequer without expenditure having been reported by implementing agencies arose from the previous practice of basing such transfers on vote of credit requests (i.e. request for funds by implementing agencies).

RECOMMENDATION 6

Agreed.

RECOMMENDATION 18

Agreed.

RECOMMENDATION 19

The first column in the quarterly expenditure report shows commitments, under the heading allocations.

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RECOMMENDATION 20

The quarterly expenditure report is prepared from both the ledger, which contains actual expenditure figures and the donor file, which contains a record of all allocations. It is agreed however, that the Chief Accountant should check the report for accuracy before it is despatched to the donor.

AUDITEE COMMENTS

MINISTRY OF NATIONAL AFFAIRS, EMPLOYMENT CREATION AND CO-OPERATIVES

RECOMMENDATION 16

It is confirmed that quarterly projects reports for all USAID grants are currently being prepared as detailed in your minute. However, the reports will be submitted to you by the 31st December 1992.

RECOMMENDATION 17

The reconciliation of the commitment register against the CPO print out is done by the Senior Clerk and the Executive Officer does prepare the monthly expenditure returns to Treasury. It has been the Ministry's policy that the expenditure returns are cleared by the Principal Executive Officer before they are submitted to your office.

AUDITEE COMMENTS

MINISTRY OF PUBLIC CONSTRUCTION AND NATIONAL HOUSING

RECOMMENDATION 9

I agree with all the items in this recommendation. However, it should be noted that from our operational point of view the unexpended balance would be the difference between the provision (i.e. total amount transferred from the Vote of Credit and that print in time and the total grant for the project) and the Cumulative expenditure. This is the case because the funds are transferred piecemeal from the Vote of Credit depending on the rate of expenditure.

RECOMMENDATION 10

I agree with the recommendation entirely. Our constraint has always been the shortage of personnel in the Capital Works Section to do the necessary double checking and verifications. We now have a Senior Clerk specifically performing Donor Accounting duties and the position should improve.

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AUDITEE COMMENTS

MINISTRY OF ENVIRONMENT AND TOURISM

RECOMMENDATIONS 13, 14 AND 15

No objections to the above.

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USAID/ZIMBABWE COMMENTS

Mission has reviewed the revised audit and the Ministry of Finance's responses. Mission has no additional comments.

Please issue final report.

USAID appreciates your assistance.

Yours sincerely

Darlene Cutshall
B&A, USAID/Harare

cb

ATTACHMENT II

REPORT DISTRIBUTION

American Ambassador to Zimbabwe	1
Mission Director, USAID/Zimbabwe	5
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IG	1
AIG/A	1
IG/A/PPO	2
IG/LC	1
IG/RM/C&R	5
AIG/I&S	1
IG/I/NFO	1
IG/A/PSA	1
IG/A/FA	1
RIG/A/EUR/W	1
RIG/A/Bonn	1
RIG/A/Cairo	1
RIG/A/Dakar	1
RIG/A/Singapore	1
RIG/A/T+ gucigalpa	1
IG/RM/GS (Unbound)	1