



CITY OF HARARE

AUDIT COMMITTEE

MINUTES OF A MEETING OF THE ABOVE COMMITTEE HELD IN THE COUNCIL CHAMBER, TOWN HOUSE ON TUESDAY, 11th JUNE 2024 AT 13:10 PM

MEMBERS PRESENT: Councillors : B. Duma (Chairperson)
: J.C. Shoko (Vice-Chairperson)
: C. Chidagu
: S. Chuma
: Z. Duri
: R. Jakopo
: C. Maimba
: K. Maburutse
: C. Mashozhera
: R. Pamire

APOLOGIES FOR ABSENCE: : A. Shoko
: F. Mutasa

OFFICIALS PRESENT

Eng. H. Chisango : Town Clerk
Dr F. Machipisa : A/Director of Housing & Community Services
Dr M. Vere : A/Director of Health Services
B. Matengarufu : Acting Human Capital Director
G. Kusangaya : Acting Finance Director
E. Mushava : Acting Chamber Secretary
A. Nyamurova : Audit Manager
D. Njanina : Committees Manager
D.S. Mavalwane : Monitoring & Evaluation Manager
W. Mugobogobo : A/ICT Manager
J. Masitala : Chamber Secretary's Department (Legal)
C. Marodza : Corporate Communications Division
B. Phiri : Town Clerk's Office (Audit)
A. Zeure : Chamber Secretary's Department (Legal)
L. Masuka : Chamber Secretary's Department
L. Chikadza : Chamber Secretary's Department
T. Chinyandura : Chamber Secretary's Department(Intern)

RECOMMENDATIONS : **13 to 17**

RESOLUTIONS : **1 to 12**

REPORTERS AND MOVERS : Councillors: B. Duma and J.C. Shoko

1. PRAYERS

The opening and closing prayers were led by Councillor S. Chuma and Mrs D. Mavalwane respectively.

ACTION: A/CS: 12/06/24

2. ALLEGED NON-ADHERENCE TO THE LABOUR ACT (CHAPTER 28:01 ON CONTRACTS OF EXECUTIVE PERSONNEL

Under matters for which the Chairperson's consent had been obtained, the Chairperson drew the attention of the Committee to cases involving contracts of employment for Executive personnel which had allegedly not been handled properly as indicated in this meeting.

NOTED

3. ROTATION OF STAFF IN COUNCIL SERVICE

Arising from consideration of the consolidation stock take for the year ended December 2023, mentioned elsewhere in these Minutes, the Committee asserted that Heads of Department should ensure that staff as well as Managers in their departments were rotated in terms of the Statutory Instruments.

NOTED

4. FUNCTIONS OF AUDIT COMMITTEE IN TERMS OF THE URBAN COUNCILS ACT (CHAPTER 29:15)

Arising from consideration of the consolidated stock take for the year ended December 2023, mentioned elsewhere in these Minutes, the Committee drew the attention of the house to Section 98(2) of the Urban Councils Act (chapter 29:15) which stated that "*the Audit Committee shall report its proceedings only to Council*".

NOTED

5. NEED FOR COUNCIL TO EMPLOY PEOPLE WITH REQUISITE QUALIFICATIONS

Arising from consideration of the consolidated stock take for the year ended December 2023, mentioned elsewhere in these Minutes, the Committee pointed

out that Council should endeavor to employ people with requisite qualifications for the jobs they were to hold.

NOTED

6. INFORMATION COMMUNICATION AND TECHNOLOGY (ICT)
AUDIT: VALUE FOR MONEY AUDIT ON THE ICT FUNCTION (B.3)

The Committee considered a confidential report (8th April 2024, circulated with the Agenda) by the Audit Manager regarding the value for money audit on the ICT function.

The Audit Manager reported that the value for money audit was carried out as part of the ICT Audit Plan for the year 2024.

The objectives of the audit were:-

- (a) to determine whether the acquisition of ICT goods and services was of appropriate quality and quantity, at the lowest cost,
- (b) to ensure that ICT resources were being utilized to achieve maximum output for the City of Harare, and
- (c) to ascertain the extent to which the ICT Division achieved its objectives.

The Audit Manager reported that there was inefficient use of the SAGE asset management module and some ICT resources at the City of Harare. He reported that a sample from one hundred and fifty-five (155) obsolete ICT devices set for disposal in 2023 had shown that these had been used for an average of ten (10) years each which was contrary to the Information Communication and Technology policy which provided for a useful life span of three to five years.

He further reported that there was insufficient executive management support for the procurement of ICT resources and ICT-related tenders which hampered ICT Division's effectiveness.

The Audit Manager further reported on the efficiency and effectiveness of the ICT Division that was negatively impacted due to understanding. He further reported of inefficient operations due to manual processing and inefficiencies in the SAGE ERP system.

The Committee noted the report and asserted that since the SAGE system was coming to an end, the recommendations be noted.

Following discussion, the Committee:-

RESOLVED

- (1) That the Town Clerk ensures that a record of the ICT and all City of Harare assets are stored in the SAGE asset management module.
- (2) That the Town Clerk ensures that the ICT Division disposes of and replace obsolete ICT devices within the five (5) year time span provided in the ICT Policy.
- (3) That the Acting Finance Director facilitates the procurement of all outstanding 2023 ICT goods and services for the ICT Division.
- (4) That the Acting Finance Director avails outstanding payments to relevant ICT service providers so that tenders awarded in 2023 are performed.
- (5) That the Acting Human Capital Director fills the twenty five (25) ICT Division vacancies.
- (6) That the Town Clerk ensures full automation of business processes at the City of Harare.
- (7) That it be noted that Council is finalizing the process of procuring a new ICT system hence it be noted that SAGE system is no longer an issue.

ACTION : TC(ICT Mngr) AM & A/FD:12/06/24

7. URGENT REDEPLOYMENT OF HARARE METROPOLITAN AND TRAFFIC ENFORCEMENT POLICE (HMP) OFFICERS BASED IN MBARE WHO ALLEGEDLY REFUSED TO BE ROTATED [(A.3(ii))]

On 6th December 2023, this Committee (Item 10) had resolved:-

"That the Town Clerk and Acting Human Capital Director immediately rotate the Harare Metropolitan Police and Traffic Enforcement Officers based in Mbare who are reportedly resisting redeployment and report to this Committee on progress".

On 4th April 2024, this Committee (Item 8) had resolved:-

"That a view of the sentiments raised on the preamble above, the Acting Human Capital Director checks from the Collective Bargaining Agreement (NEC) whether Council resolution to promote the officials of the Harare Municipal Police hints the implementation of the Committee's resolution to rotate or redeploy staff to other stations".

Arising from the previous Minutes, the Committee gave the Acting Human Capital Director up to the following week to rotate or redeploy the Harare Municipal Officers in question failure of which a report/letter be written to the Committee on reasons for not rotating or redeployment of the Officers in question.

RESOLVED

That the Acting Human Capital Director rotates or redeploys the Harare Municipal Police and Traffic Enforcement Officers based in Mbare in terms of the Council resolution outlined in the preamble above, by the following week failure of which a letter or report be submitted to this Committee as indicated in the preamble above.

ACTION : TC (HMP) & A/HCD: 12/06/24

8. INVESTIGATION INTO ALLEGED ILLEGAL SUB-DIVISION OF STANDS 1575 TO 1730 HATFIELD TOWNSHIP, HARARE [A.3(i)]

On 4th April 2024, this Committee (Item 5) had resolved inter alia:-

"That the Audit Manager's report on the investigations into the alleged subdivision of stand numbers 1575 to 1730 Hatcliffe Township be submitted at the following meeting of this Committee".

Arising from the previous Minutes, the Audit Manager reported that he got the report that week for review.

That Committee stated it could involve Section 98 of the Urban Councils Act (Chapter 29:15) and conduct an inquiry into the matter and it therefore asked the Acting Human Capital Director to be prepared. It also asked the Auditor who had investigated the matter to attend the following meeting of this Committee.

RESOLVED

- (1) That the Audit Manager ensures that the Auditor who investigated the alleged illegal subdivision of stands 1575 to 1730 Hatcliffe attends the following meeting of this Committee as an inquiry may be held in the matter.
- (2) That the Acting Human Capital Director be prepared as an inquiry may be conducted in the matter outlined in resolution (1) above.

ACTION: A/HCD & AM : 12/06/24

9. LIST OF JOINT VENTURE AGREEMENTS BETWEEN THE CITY OF HARARE AND HOUSING DEVELOPERS AND COMMERCIAL VENTURES (B.7(vi))

On 4th June 2024, this Committee (Item 21) had requested the Director of Housing and Community Services to submit a list of Joint Venture companies or agreements on allocation of Land by Council to banks and other Housing Developers and for commercial ventures.

The Acting Director of Housing and Community Services now reported information he had received as follows:-

- Shelter Zimbabwe,
- IDBZ,
- FBC,
- Council Resolution of Bemseti,
- Global Pay Scheme, and
- Fambai nevamwe

He further reported that he was still gathering information on CABS and Fidelity. He also advised that whilst he had submitted Council resolution on Bemseti, but the Joint Venture Agreement for the same could be found.

The Committee discussed the matter and asked the Head- Human Settlement Administration (A/DHCS) (CVEM) Principal Valuation Officer and Acting Chamber Secretary (Principal Legal Officer-contracts) to attend meetings of this Committee and to submit the requested information.

Following discussion, the Committee:-

RESOLVED

- (1) That the information received on Shelter Zimbabwe, IDBZ, FBC, Bemseti, Global Pay Scheme and Fambai nevamwe be noted.
- (2) That the Acting Director of Housing and Community Services continue to look for information on CABS Housing Scheme and Fidelity and reports at the following meeting of this Committee.
- (3) That the Acting Valuation and Estates Manager, Acting Chamber Secretary (Legal Officer-contracts) and the Head Human Settlement and Administration expedite submission of the requisite Joint Venture Agreements or companies and also attend meetings of this Committee.

ACTION : DHCS: 12/06/24

10. ADDENDUM TO THE AUDIT REPORT ON INVESTIGATION INTO ALLEGATIONS OF FRAUD BY A DEBTORS CONTROLS OFFICER (CREDIT CONTROL B.5

On Council (Item 5) (Audit Committee Minutes dated 16th November 2023) Item had considered a report dated 5th September 2023 regarding the allegations of fraud by a Debtors Control Officer (Credit Control) after he was suspended from duty.

The Committee now considered the Addendum to the report (20th April 2024, circulated with the Agenda) by the Audit Manager regarding the above investigation.

The Audit Manager had carried out the investigation after the Acting finance Director had requested Audit to include missing Journal Vouchers to the report regarding the investigation into suspected allegations of fraud by a Debtors Control Officer (Credit Control Section).

The objective of the investigation was to quantify the prejudice to Council and consumers arising from journal voucher processing.

The Audit Manager reported that in the previous audit report, Council was prejudiced of sixty-five million three hundred thousand two hundred and seventy one Zimbabwean dollars and two cents (ZWL\$65 300 271,02) which was credited onto consumer accounts through the use of online journals without source / supporting documents by the Debtors Control Officer.

He further reported that the ZWL\$65 300 271,02 prejudiced to Council included ZWL\$ 7 414 378,27 which was credited in a wrong account which had then resulted in the Debtors Control Officer named in paragraph 4 of the report misappropriating the funds using online journals without source documents.

The Audit Manager also reported that the employee named in paragraph 4 of the report had captured the Journal voucher and which was then posted by another employee named in paragraph 4 of the report. He further reported that there was an inclusion of additional Journal Vouchers with anomalies which were captured by the employee named in the report and posted into the system by another employee.

The Committee discussed the matter and enquired the timeframes of disciplinary hearings. It tasked the Acting Human Capital Director adhere to disciplinary hearing timelines. The Committee was concerned that the matter could take unnecessarily long prior to conclusion.

The Acting Human Capital Director advised that Council had clear policies which guided handling of disciplinary hearings.

Following discussion, the Committee:-

RESOLVED

- (1) That the Town Clerk (ICT Manager) provides information on the double entry for a credit transaction of ZWL\$22 000,00 for account number 40150000 for a transaction dated 13th April 2022 so that errors are corrected by the Finance Department.
- (2) That the employee named in paragraph 6.2 of the Audit Manager's report be referred to the Disciplinary Committee to answer charges of failing to validate the Journal Voucher amounting to ZWL\$22 000,00 resulting in the Journal Voucher being posted quoting a wrong source document and that the Committee notes that Audit could not quantify prejudice as the ICT has not resolved the issues.
- (3) That the employee named in paragraph 6.4 of the report be referred to Disciplinary Committee to answer charges of failure to supervise/validate the Journal Voucher resulting in account number 111010107000008 for Tinashe Housing Co-operative being overstated by ZWL\$ 140 000,00.
- (4) That the employee named in paragraph 6.3 of the Audit Manager's report be referred to the Disciplinary Committee to answer charges of capturing journal voucher amounting to ZWL\$22 000,00 quoting a wrong source document and noting that Audit could not quantify prejudice because ICT has not resolved the issue.
- (5) That the employee named in paragraph 6.5 of the Audit Manager's report be referred to the Disciplinary Committee to answer charges of negligence in conducting his duties which resulted in account no 1110101070000008 for Tinashe Housing Co-operative being overstated with ZWL\$140 000,00.
- (6) That the employee named in paragraph 6.6 of the Audit report be referred to the Disciplinary Committee to answer charges of correcting Journal Voucher CJ 44474 without source documents.
- (7) That the employee named in paragraph 6.7 of the Audit report be referred to the Disciplinary Committee to answer charges of correcting journal CJ 44474 without source documents.

- (8) That the Acting Finance Director corrects account no 1110107000008 for Tinashe Housing Co-operative which is overstated by ZWL \$140 000,00.

ACTION : A/HCD & A/FD:12/6/24

11. REQUEST FOR SUBMISSION OF CONTRACTS FOR OUTSOURCED PROJECTS WHICH HAVE EXCEEDED DEADLINES FOR COMPLETION (B.1(ii))

Arising from consideration of the report on investigations into the construction of Chitubu Clinic outlined elsewhere in these Minutes, the Committee requested relevant Heads of Department to submit contracts for projects which were outsourced which had exceeded deadlines for completion to this Committee. It also cited projects being carried out internally inclusive of the Dzivaresekwa District Office and Public toilets across the City.

RESOLVED

That Heads of Department submit contracts for outsourced projects which are overdue for completion as from 2017 to date for way forward.

ACTION : TC & HODs: 12/06/24

12. PROMOTION CRITERIA OF CERTAIN POSITIONS IN COUNCIL

Arising from consideration of the consolidated stock take for the year ended December 2023, mentioned elsewhere in these Minutes, the Committee pointed out the promotion criteria for jobs in the Harare Metropolitan Police where the incumbent had to wait for ten (10) years so as to be consideration for promotion and requested the Acting Human Capital Director to look into the Promotion Procedures for such and other division with similar policies to review the policy.

RESOLVED

That the Acting Human Capital Director reviews the Promotion Procedures for Harare Metropolitan Police and other Divisions with similar policies.

ACTION : A.H.C.D:12/06.24

13. CONSOLIDATED STOCK TAKE REPORT FOR THE YEAR ENDED 31st DECEMBER 2023 (B.2)

The Committee considered a confidential report (1st March 2024, circulated with the Agenda) by the Audit Manager regarding the consolidated stock take for the period ending 31st December 2023.

The Audit Manager had carried the Annual Stock take as a routine assignment as the process owner (Finance) counted and recorded inventory at the end of each financial year.

The objectives were :-

- To ascertain compliance and adherence to stock take processes and procedures,
- to identify obsolete/redundant stock and recommend appropriate action such as disposal through auction for Council to recoup some of its holding costs,
- to note any variances between physical stock counts and stock records,
- to assess the state of preparedness with regards to the stock take,
- to review and assess operational internal controls with regard to handling of stocks and the general state of preparedness for stock take exercise.
- The Audit Manager reported on the following major findings during the stock take valued ZWL\$540 168 039,84 had been positively identified as obsolete and damaged stock as at 31st December 2023.
- Stock take items had not been captured into accounting system for years as Council had relied on manual inventory management system such as Kardex for updating stock balances the Kardex inventory management system could not be relied on as it was prone to errors and manipulation,
- There was idle stock of LX350 printer ribbons at Beatrice Road Infectious Disease Hospital store which could be used at District Offices.
- The Motor Spares store was holding on to back up spares of vehicles which were no longer in Council's fleet.
- He further reported of a repeat observation on over-stocking of tyres which could have rendered some of them obsolete before they were used

there was poor inventory yard management which resulted in some stock items failing to be counted due to bush that had overgrown and ferocious bees.

- the Audit Manager also reported on poor herd management which had resulted in cattle ticks and parasites infestation,
- He further reported that the Pharmacy had 46 896 expired drugs in store which were held since 2019,
- He also reported that it was difficult to carry the counting due to the sitting arrangement of building, electrical, painting, carpentry and plumbing materials which were squashed in one store at Nyenyere,
- 20 000 tonnes of activated carbon were not recorded on stock cards although they had been delivered to Prince Edward store in December 2023, and this could be misconstrued as an attempt at fleecing Council,
- calibration of pumps at Council's fuel depot had remained outstanding and fuel tanks needed to be repaired for leaks and to be recalibrated,
- Highfield Works and Water Workshop stores had been ill prepared for the end of year stock count as evidenced by delays in counting, poor arrangements of stock and stocks on inventory sheets without Kardex Cards,
- Stores Officers were not qualified for the job and lacked necessary training and that donated stock at Highfield had no values,
- the count of livestock at Crowborough Farm was not done as per the livestock classes,
- resource challenges haunted Council farms resulting in high animal mobility and mortality rates,
- there was also a lack of security, poor roads and indecent staff housing.

During discussion, the Committee requested the Town Clerk (SCM) in liaison with the Acting Finance Director to continuously dispose obsolete and damaged stocks to reduce holding cost of stock.

Following discussion, the Committee:-

(A) RESOLVED

- (1) That stock valuation should be done on the basis of IPSAS 12, that is the lower of net realizable value or cost.
- (2) That the Town Clerk (SCM) in liaison with Acting Finance Director should urgently continuously dispose obsolete and damaged stocks in order to reduce holding cost of stock.
- (3) That the stock items be captured into the inventory accounting system and the stock balances thereof used against the stock count balances.

(B) RESOLVED TO RECOMMEND

- (1) That Council installs air-conditioners in the Banking hall at Rowan Marting Building so as to ensure proper ventilation.
- (2) That Council disposes of non usable back up spares.
- (3) That Council disposes expired drugs in an ethical manner.
- (4) That the Acting Finance Director puts a sink in place for use at the Rowan Martin Building Hall than to use the toilet sink.
- (5) That the Acting Finance Director ensures that all cash and cash equivalence are available for the annual stock count.
- (6) That the LX350 printer ribbons be returned to Central Stores for reallocation.
- (7) That the Town Clerk (SCM) procures stocks that are in terms of requirement levels.
- (8) That the Town Clerk (SCM) orders stock that shows day of manufacture or expiring dates.
- (9) That the Central Stores yard be thoroughly cleaned of bushes and other rubble and stock be neatly packed.
- (10) That farm management ensures that the herds are consistently immersed in dip as required by keeping required and enough dosages in stock.
- (11) That each class of materials at Nenyere be housed separately.
- (12) That all stock received be recorded on appropriate platforms.

- (13) That the Town Clerk (SCM) urgently ensures inventory is arranged in a manner that permits easier reference or traceability.
- (14) That the Town Clerk (SCM) ensures that assets are numbered.
- (15) That training and appointment of Stores Officer is a requirement.
- (16) That the Town Clerk (SCM) provides values for donated goods.
- (17) That management address the various challenges at the farm to ensure they obtain value from the project.
- (18) That the Acting Finance Director ensures that CCTV is installed in the banking hall.
- (19) That the Director of Harare Water Farm Management separates animals in order of classes to ensure that each category total count is ascertained and fully accounted for. To facilitate referencing to records should there be need to perform other tests of control.

ACTION : TC (AM), (SCM) & A/FD:19/06/24

14. DELAY IN IMPLEMENTATION OF AUDIT COMMITTEE RESOLUTION PERTAINING TO CROWBOROUGH HOUSING PAY SCHEME ON PLAN NUMBER TPX 1290

On 23rd July, 2018, this Committee (Item 7) had inter alia resolved;

"(1) That the Council resolution recorded under Item 15 of the Audit Committee dated 14th November 2017 be implemented as they are, with 37 beneficiaries being allocated their original stands"

On 14th February 2019, this Committee recommended to Council;

"(1) That Council reaffirms its decision recorded under Item 7 of the Minutes of the Audit Committee dated 23rd July 2018.

(2) That the Court ruling regarding the aggrieved beneficiaries be adhered to as a matter of urgency."

The Committee now received a letter dated 7th June 2024 from Council's external lawyers regarding the issue on the 37 Council employees who were the beneficiaries of the unserviced residential stands on Plan number TPX1290 in Crowborough wherein they sought assistance from Council to carry out eviction of illegal settlers who held the stands allocated to Council employees.

The lawyers had requested the following information;

- Whether the said offers were accepted by beneficiaries,
- If not accepted, needed to know if the offers were withdrawn,
- If the offers were withdrawn, what Council intended to do with them, and
- Whether the offers would remain open and for how long they would remain open.

The Committee requested an update from the Acting Director of Housing and Community Services verbally reported that he was aware of the matter and further highlighted that most of the Council employees were in possession of Agreements of Sale approved building plans and approved water and sewer reticulation drawings. He also reported that there was a consent order from the Court regarding the aggrieved beneficiaries. He further reported that due to delay in concluding the matter, some beneficiaries were building without Council approval which had resulted in loss of revenue by Council. He also advised that there were no pending court cases as the illegal settlers had withdrawn their matter which had prompted Council to carry out the eviction processes.

The Committee noted, with concern, that the illegal settlers had been offered alternative stands elsewhere by virtue of offer letters dated 4th October 2019 and had refused to take the offers. The Committee asserted that the Director of Housing and Community Services should have withdrawn the offer letters which were not accepted by the illegal settlers and procedurally notify the illegal settlers in terms of the law report to the Education, Health, Housing and Community Services and Licensing Committee for information. The Committee also pointed out that the Acting Chamber Secretary (legal) should proceed to expedite the eviction of the illegal settlers and ensure the implementation of the Audit Committee resolution to allocate the original stands in Crowborough to the 37 beneficiaries.

Following discussion, the Committee:-

(A) RESOLVED

- (1) That the Committee notes the events that have occurred regarding illegal occupation of stands in Crowborough on Plan number TPX1290 which were allocated to Council employees.
- (2) That the Committee notes the contents of the letter dated 28th March 2024 from Council's external lawyers regarding the current position of the stands in Crowborough.

- (3) That the Director of Housing and Community Services withdraws forthwith the offer letters dated 4th October 2019 which were not accepted by the illegal settlers and take urgent steps to procedurally notify the illegal settlers of the withdrawal reports to Education Health, Housing and Community Services and Licensing Committee for information.
- (4) That the Acting Chamber Secretary (legal) of Works expedites the eviction of the illegal settlers.

(B) RESOLVED TO RECOMMEND

That Council reaffirms its decision recorded under Item 7 of the Minutes of the Audit Committee dated 23rd July 2018 that the 37 beneficiaries be allocated their original stands.

ACTION:DHCS, DOW & A/CS:26/06/24

15. ANNUAL RISK-BASED AUDIT PLAN FOR THE YEAR 2024 (B6)

The Committee considered a confidential report (dated circulated with the Agenda) by the Audit Manager on the Annual Risk-based Audit Plan for the year 2024.

The Audit Manager reported that the objective of the Audit was:-

- ❖ to increase the evaluation of systems design and operational effectiveness,
- ❖ to increase the review of compliance with governing instruments,
- ❖ to increase the assessment of value for money in the deployment and use of resources,
- ❖ to reduce incidences of fraud and to increase the external auditor's reliance of Internal Audit work.

The Audit Manger provided a schedule of strategic objectives extracted from Risk Registers of all Departments. He indicated the following details relating to each strategic objective:-

- ❖ risk title,
- ❖ risk description,
- ❖ cause,
- ❖ Audit focus area,
- ❖ outcomes,
- ❖ performance indicators and

❖ targets date

The Committee noted the report and further requested the Audit Manager to present the Audit Plan at the workshop to enable the Committee to understand the plan.

Following discussion, the Committee:-

RESOLVED

That the Audit Plan for the year 2024 be presented at the workshop for this Committee to be held on

RESOLVED TO RECOMMEND

That Council notes the Annual Risk based Audit Plan for the year 2024, a copy of which is attached to these Minutes as Annexure 'A'.

ACTION : TC (AM):12/06/24

16. INVESTIGATION INTO CONSTRUCTION OF CHITUBU SATELITE CLINIC: STAND NUMBER 11212 GLEN NORAH (B.1(i))

The Committee considered a confidential report (10th March 2024, circulated with the Agenda) by the Audit Manager on the investigation into the construction of Chitubu Satelite Clinic on stand Number 11212 Glen Norah.

The Audit Manager reported that investigation of the construction of Chitubu Satelite Clinic was requested by the Town Clerk. The audit objectives were as follows:-

- (i) to assess the progress in the construction of Chitubu Satelite Clinic, to review the contract entered into between City of Harare and Golmac Construction,
- (ii) to verify whether funds were spent in accordance with the project terms of agreement and conditions and
- (iii) to assess the effectiveness of financial supervision, project supervision and internal controls within the project.

The Audit Manager reported that the initial contract for the construction of Chitubu Satelite Clinic by Golmac Enterprises (Pvt) Ltd was signed on 10th June 2019 at the contract price indicated in his report and that the projects was supposed to be completed in 3 months (December 2019) from the date of signing the contract. An Addendum to the Memorandum of Agreement was signed on 1st October 2019 at a revised contract price also indicated in his report.

He further reported that according to Council's Quantity Surveyors and the Contractor's assessment, construction of Chitubu Satellite Clinic was at 80% completion stage. The outstanding works which constituted 20% included

- louvers,
- electrical works
- fixing doors and locks
- Tiling of the entire buildings,
- sump and drain pipes,
- plumbing,
- painting,
- landscaping and
- geysers.

He also reported that the contractor was claiming USD\$65 586,61 as at January 2024 and that commencement of outstanding works billed by the Contractor in the sum of USD\$ 116 403,78 be subjected to a due diligence check and approval by the Town Clerk for work done which was negotiated with Council to complete the works. A sum of USD\$495 was being added on every month to cover costs of security. However, this information had not been communicated to Council.

The Audit Manager further reported that Council had purchased building materials with the view to complete the Clinic. The contractor had however, approached the Court which had stopped Council from working on the site.

The Audit Manager had provided a summary of his findings as detailed in the report which included the following:-

- (i) the initial contract price of USD\$498 886,33 was linked to interbank rate on day of payment but was amended to RTGS\$3 600 000,00 through an Addendum to the contract, however it was not quoted in United States of American dollars, hence, the dispute between Golmac Construction and the City of Harare as the contractor was not protected from loss of value if payment in RTGS was not made promptly,
- (ii) in the contract, advance payment was set at 60% of the contract price instead of 15% in terms of the Public Procurement and Disposal of Public assets (general) Regulations 63(2)(a),

- (iii) contract lacked monitoring and control factor specifying that the bill of quantities shall be approved by the City of Harare before commencement of the works to avoid the risk of overpricing of materials supplied by the contractor,
- (iv) omission of retention fees which cover for defects which could arise on the structure and period to be withheld from the contractor,
- (v) missing provision for valuation of work done before issuance of a certificate for payment of completed work by the Architect.
- (vi) lacked financial supervision by Council as the terms and conditions for the project were not followed.

The Audit Manager further reported on the sequence of events relating to the project, as detailed in his report. He also reported on the review of the contract and its Addendum for the project, weaknesses in the design of the initial contract and Addendum to the Memorandum of Agreement, Audit risks and recommendations as indicated in his report.

The Committee discussed the matter expressing concern at the weaknesses in the design of the contract which in its view favoured the contractor. It further expressed concern at the breach by Council on payment conditions. The Committee noted that all contracts were crafted at the Legal Division, and agreed that all contracts be submitted to this Committee for verification prior to signing. The Committee also pointed out that even contracts signed in 2019 were weak. It suggested rotation of personnel to action in vacant position.

The Committee also discussed projects which had exceeded their completion deadlines as outlined elsewhere in these Minutes.

Following approval of the Audit Manager's recommendations, the Committee:-

(A) RESOLVED

That all contracts be submitted to the Audit Committee for verification prior to signing.

(B) RESOLVED TO RECOMMEND

- (1) That a financial appraisal for a construction project be done regardless of the procurement method used.

- (2) That contracts be thoroughly reviewed before signing by both parties as Clause 8 in contract to pay 60% initial deposit was defective and not in favour of Council but the contractor.
- (3) That bills of quantities be approved by Council before commencement of construction projects to safeguard unjustified prices and materials before signing the contract by both parties.
- (4) That Valuations, variations, price escalations, defects liability period, retention fees, scope of work, contract duration and extension of time be included in the construction contract documents prior to commencement of the projects.
- (5) That bill of quantities be approved by Council before commencement of a construction Project.
- (6) That the Finance Director closely monitor the terms and conditions in the contracts and pay within the timelines stated in the contracts to avoid litigations.
- (7) That Council pays the negotiated agreed settlement payment of USD\$65 568,61 to Golmac Construction which Council committed itself to paying.
- (8) That it be noted that the sum of USD\$116 403,78 billed by the Contractor for outstanding works is excessive considering 20% outstanding works for the project and that Council considers terminating the contract and finish the project in-house.
- (9) That stage inspections for all construction projects be done even for Council projects.
- (10) That survey be completed before a construction project takes off.

ACTION : TC (AM), DHS & A/FD:26/06/24

17. INVESTIGATION INTO THE ALLEGED DOUBLE ALLOCATION OF RESIDENTIAL STANDS TO HEAVY WEIGHTS PAY SCHEME, MUSASA AND MARK NUDA HOUSING CO-OPERATIVES DEPICTED ON LAYOUT PLAN No. TPX/WR/03/14 IN BUDIRO TOWNSHIP (B4)

The Committee considered a confidential report (25th April 2024, circulated with the Agenda) by the Audit Manager on investigation into the alleged double allocation of residential stands to Heavy Weights Pay Scheme, Musasa and Mark Nuda Housing Co-operatives depicted on Layout Plan no. TPX/WR/03/14 in Budiro Township.

The Audit Manager had carried the investigation following a request by the Acting Director of Housing and Community Services after Musasa Co-operative, Mark Nuda Housing Co-operative and Heavy Weights Pay Scheme had claimed to have been double allocated stands depicted on Layout Plan No. TPX/WR/03/14 in Budiro.

The objective of the investigation was to investigate Pay Scheme/Housing co-operatives which were officially allocated stands depicted on the Layout Plan TPX/WR/03/14 in Budiro.

He further reported that analysis of documents on the allocation of stands on Layout Plan No. TPX/WR/03/14 showed that Heavy Weights Housing Pay Scheme were the bonafide beneficiaries to the stands in question.

He reported that Heavy Weights Housing Pay Scheme had made payments on the following requirements:-

- Environmental Imp. Ass Certificate
- survey Costs,
- preparation of engineering designs for water and sewer reticulation system and payments for the same,
- advertisement costs in terms of Section 152 of the Urban Councils Act Chapter 29:15), and
- provisional land development deposit.

The Audit Manager also reported that Mark Nuda and Musasa Housing Co-operatives had claimed the same land but were not officially allocated the land by Council and there was no documentary evidence to support their claims. However Mark Nuda Housing Co-operative could not be located for interview by Audit.

He further reported that an employee of Department of Housing and Community Services named in paragraph 4.3 of the report was alleged to have authorized fake allocation memorandum of eighty (80) stands on Layout

Plan TPX/WR/03/14 to Musasa Housing Cooperative being the shortfall when Musasa got an allocation from Layout Plan TPX/WR/04/14. The employee had however denied the allegation and dismissed it as fake.

Hence an analysis of some documents that were produced to Audit by Musasa Housing Cooperative Society had revealed that they were forged and did not officially emanate from Council offices.

The Audit Manager further reported that when the stands were surveyed, twenty three (23) stands were affected. The stands were zoned for non-residential purposes which had already been communicated to other beneficiaries by the Finance Department. The Director of Housing and Community Services had advised that the twenty-three beneficiaries would be assisted once alternative land was available.

During discussion, the Committee expressed concern that this issue of double allocation was done during the period 2019 to 2021 and the employees /officers implicated in the corrupt deals were the same. It further expressed concern that the Committee resolved suspension or relocation, no action was taken. The Committee accordingly enquired progress on investigations into the operations of the Housing Allocations Division.

During further discussion, the Committee reiterated in previous resolution that allocation of residential land in excess of one (1) hectare be stopped. The Committee also stated that any housing scheme that was similar to Starshine in Glen View, the offer letters given to non-bonafide beneficiaries be withdrawn. The Committee also pointed the need to deal with the source of problems and agreed that investigations be conducted into officials who issued fake allocation letters.

The Committee also wanted an update on the issue of an official who allegedly faked a Councillor's signature on Town Planning Circulation Forms.

The Committee further stated that it wanted to invited officials of the Department of Housing and Community Services for an inquiry into double allocations. It also wanted to look into the Housing Policy.

The Audit Manager advised that investigations were still underway. The Committee tasked the Audit Manager to expedite the investigation and submission of the report.

The Committee further noted, with concern incidences where beneficiaries pay Provisional land development fees, Environmental impact Assessment (EIA) fees, interview fees survey and other approval fees upon demand thereby creating a legitimate expectation from Council but fail to allocate them land.

On 17th December 2018, Council (Item 7) Education, Health, Housing and Community Services and Licensing Committee Minutes dated 4th December 2018-Item 23) had resolved inter alia:-

"(1) That Council approves the allocation of one hundred and forty-nine (149) unserviced residential stands depicted on Layout Plan No. PX/WR/03/14 in Budiriro Township to applicant on the Housing Waiting List".

The Audit Manager reported that when stands were surveyed, twenty-three (23) stands were affected and that 126 of the 149 stands on Layout Plan number TPX/WR/03/14 Budiriro were allocated to Heavy Weights Housing Pay Scheme in March 2020 under Joint Venture Agreements or companies entered with the city of Harare from 2019 to 2021 was required for the inquiry.

The Committee also referred to a letter from Council employees at Park View who had offer letters and signed agreements. However, there were beneficiaries who were claiming ownership of the stands and had occupied the site. It pointed out that the invaders had allegedly turned down alternative land that had been availed to them.

The Acting Director of Housing and Community Services advised that Audit had made some recommendations on that matter which were however not implemented due to some legal implications. He undertook to submit a report on the impasse which had prevented allocation.

The Committee agreed that as the employees had signed agreements, they needed to be honored or alternative land be identified for the employees.

Following discussion, the Committee:-

(A) RESOLVED

- (1) That the Town Clerk and Director of Housing and Community Services ensures that the offer letters and agreements of sale reportedly made to and signed by Council employees at Parkview are honoured failure of which alternative land be availed to the employees in question.
- (2) The Director of Housing and Community Services, the Chief Valuations Officer and Legal Officer contracts expedite submission of Joint Venture Agreements for residential development and Commercial Ventures with the City with effect 2019 to 2021 to this Committee for the purpose of the inquiry referred to in the preamble above.

- (3) The Director of Housing and Community Services submits a report on the circumstances surrounding the outstanding allocation of stands to Council employees at Parkview who allegedly hold offer letters and agreements of sale of stands at Parkview as outlined in the preamble above.
- (4) That allocation of residential land in excess of one hectare to individuals be stopped.
- (5) That offer letters issued to non-bonafide beneficiaries who invaded in Glen View be withdrawn.
- (6) That the Audit Manager investigates into officials who issued fake allocation letters.
- (7) The Director of Housing and Community Services reports to the Works, Town and Planning Committee on the status of the case of an employee who reportedly faked a Councillor's signature on Town Planning Circulation forms
- (8) That the Audit Manager expedites investigations and reports on issue in Hatcliffe and into operations of the Housing Allocations Division.
- (9) That the Director of Housing and Community Services submits the Housing Policy to this Committee.
- (10) That the Acting Director of Housing and Community Services implements Council resolution to send on forced leave officials in the Allocations Division to facilitate investigations.

(B) RESOLVED TO RECOMMEND

- (1) That Council gives undisturbed occupation of stand numbers 24455 to 24580 depicted on Layout Plan number TPX/WR/03/14 Budiriro Township to Heavy Weights Housing Pay Scheme.
- (2) That the land intrinsic prices for Heavy Weights Pay Scheme be revalued as they failed to pay a deposit within thirty (30) days beginning March 2020 and the balance in the next ninety (90) days as required by Council.

- (3) That the Director of Housing and Community Services reports Musasa Housing Cooperative to Zimbabwe Republic Police for faking the Director of Housing and Community Service's signature on a departmental memorandum to Harare Water and Director of Works confirming that they have been allocated eighty (80) unserviced residential stands on Layout Plan TPX/WR/03/14.
- (4) That Musasa Housing Cooperative was not allocated land on Layout Plan TPX/WR/03/14 by Council and should vacate that piece of land.
- (5) That it be noted Mark Nuda Housing Cooperative was not allocated land on Layout Plan TPX/WR/03/14 by Council and should be dismissed on land that was allocated to Heavy Weights Pay Scheme.

ACTION : DHCS & TC(AM):26/06/24

THE MEETING ENDED AT 2:22PM

LSC/ntr