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**REPORT OF THE**

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**PUBLIC ACCOUNTS COMMITTEE ON NON-COMPLIANCE WITH THE  
SUBMISSION OF FINANCIAL STATEMENTS TO THE AUDITOR GENERAL  
BY SOME LOCAL AUTHORITIES  
(2022 AUDITOR GENERAL REPORT)**

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**FIRST SESSION – TENTH PARLIAMENT**

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*Presented to Parliament in ....., 2024.*

**[S.C 08]**

On Wednesday, 18 October 2023, Mr. Speaker announced that the Public Accounts Committee would consist of the following Members:

Hon. Bvute Ozias  
Hon. Chidziva H  
Hon. Chiwanza C  
Hon. Dhliwayo L  
Hon. Hlatywayo C  
Hon. Hwende C  
Hon. Kademaunga M  
Hon. Kangausaru P  
Hon. Maburutse  
Hon. Makombe J  
Hon. Makuvire J  
Hon. Mangondo N  
Hon. Maposa W  
Hon. Masvisvi D  
Hon. Matewu C  
Hon. Mudumi B  
Hon. Mugwadi T  
Hon. Mukugunugwa  
Hon. Mushoriwa E  
Hon. Mutodi Dr. E  
Hon. Mutokonyi V  
Hon. Mutseyami  
Hon. Ndudzo I  
Hon. Ndudzo P  
Hon. Njanji M  
Hon. Nkani A  
Hon. Sithole G  
Hon. Tsvangirai R  
Hon. Ziyambi K. M.  
**Hon. C. Hwende – Chairperson**

**Terms of Reference of the Public Accounts Committee -**

Standing Order No. 17:

*“There must be a Committee on Public Accounts to examine the sums granted by Parliament to meet public expenditure and of such other accounts laid before Parliament as the committee may think fit.”*

## **1.0 INTRODUCTION**

1.1 Section 49(1)(b)(c) of the Public Finance Management Act (PFMA) stipulates that  
*(1) The accounting authority for a public entity shall—*

*(b) prepare financial statements for each financial year in accordance with generally accepted accounting practice;*

*(c) submit the financial statements referred to in paragraph (b) within two months after the end of the financial year—*

*(i) to the auditors of the public entity for auditing; and*

*(ii) to the Accountant-General within 21 days after the end of each quarter and*

*(iii) if it is a designated corporate body or specified public entity, to the Treasury.*

1.2 Failure to submit financial accounts to the Auditor General is a pressing issue in government administration. It undermines transparency and accountability in the management of public resources. Scrutinising a local authority's or any entity's financial transactions without financial accounts becomes virtually impossible. As a result, on behalf of the public, the Public Accounts Committee cannot play its oversight role on public finances as provided for in Section 299 of the Constitution.

1.3 In executing its mandate, the Public Accounts Committee noted that some Local Authorities did not submit financial statements for audit to the Auditor General in 2022. The Committee then resolved to invite those Local Authorities that contravened Section 49(1) of the Public Finance Management Act (PFMA) for oral evidence.

1.4 Some Local Authorities were in arrears for two to three years. As of May 31, 2023, seventy-five (75) out of ninety-two (92) local authorities were in arrears in submitting financial statements to the auditor General for auditing. Annexure D shows accounts not yet submitted as of 31 May 2023.

## **2.0 OBJECTIVES OF THE ENQUIRY**

The key objectives of the inquiry were to:

- (a) Ascertain the reasons for failing to comply with Section 49(1) of the Public Finance Management Act.
- (b) Make recommendations to curb the recurrence in future.

### **3.0 METHODOLOGY**

3.1 Due to time constraints, a few local authorities were invited for oral evidence: Gweru City Council (2020-2022) on 1 February 2024, Hwange Local Board (2020 - 2022) and Hwange RDC (2019 - 2022) on 8 February 2024. Karoi City Council (2020 - 2022) submitted written evidence. The Committee's priority list determined the choice of local authorities invited for oral evidence based on those local authorities that had three or more years of arrear accounts due for audit as of 31 May 2023.

### **4.0 COMMITTEE FINDINGS**

#### **4.1 Staff shortages**

4.1.1 Mr L. Churu, the Acting Town clerk of Gweru, submitted to the Committee that the Council had backlogs of financial statements dating from 2019 to 2022. He informed the Committee that this was due to shortages in the finance department. In addition, the substantive Director of Finance had not been well since 2019 and eventually passed on in 2021. The period he was not well also contributed to the delays in preparing financial statements.

4.1.2 To cope with the backlog and staff shortages in the finance department, the Council recruited students on attachment. The Council also created a management accounts section, with two established officers, six graduate trainees and the students recruited to manually check and trace bank reconciliation transactions, working over the weekends and trying to keep pace with the volume of transactions.

4.1.3 Mr P. Mabhureni, the acting Chief Executive Officer of the Hwange Local Board, submitted that he was not with the Local Board during the referred period. He joined the Council on 1 March 2022 as a Director for Administration.

4.1.4 The Committee established that there were staff shortages in the Finance Department for Hwange Rural District Council, with no Accountant and no Finance Director. Mr Mabhureni informed the Committee that this affected the Council's ability to prepare the

accounts for auditing on time. There was a considerable gap after Mr. Tshuma, the Finance Director, left the Council in 2020, a gap that has never been filled to date.

4.1.5 It was also submitted that during that time, the Council had financial challenges, indicated by arrears in salaries, pensions and PAYE, among others, which affected filling staffing vacancies. In addition, there was high labour turnover among junior employees and accounts clerks because of poor conditions of service.

4.1.6 The total staff establishment should be 133, but the current establishment was 88. The Council had advertised twice and failed to attract candidates on both occasions. At some point, when the Council was successful, the candidates refused the offer letters, citing poor conditions of service and remuneration.

**4.1.8** Karoi Town Council's Acting Town Clerk, Mr.T. Namisala submitted that during the period under review (2020 - 2022), the Council faced several staff turnovers from the Town Clerk and Finance Directors. To this effect, the Council was left with a skeleton staff that was not competent in producing financial statements. Consequently, financial information was not posted into the accounting system, and the backlog continued to pile.

4.1.9 To resolve the backlog, an accountant and six contract accounts clerks were employed in January 2024. To date, the 2020 financial statements have been audited, and the council is currently waiting for the final reports from the Auditors. Additionally, the Committee learnt that the 2021 financial statements had been submitted to the Auditor, and audit fieldwork was expected to commence on 20 March 2024. At the time of the oral evidence, the accounts team was working on 2022 and 2023 and expects to clear the backlog by June 2024.

## **4.2 Committee Observations**

4.2.1 The critical positions of Accounting Officers and Directors of Finance in the Local Authorities under scrutiny are occupied by persons in an acting capacity, which in turn

undermines accountability and responsibility in the preparation of financial statements and whole operations of the local authorities.

4.2.2 This lack of stability in leadership could also lead to inconsistency in decision-making and policy implementation within the Local Authorities. Failure to do so may result in further challenges in maintaining the Council's financial integrity and reputation.

4.2.3 Staff shortages and high labour turnover in the accounts department are significant contributors to the delays in preparing financial accounts, which in turn delay meeting the statutory deadlines.

### **4.3 *Committee Recommendations***

4.3.1 The Ministry of Local Government, Public Works and National Housing should ensure that all key positions in public finance management in Local Authorities are filled timeously. The positions must be filled by 31 December 2024 to ensure transparency and efficiency in financial reporting.

### **5.0 *Delays in the Appointment of the Auditors***

5.1 Gweru City Council Acting Town Clerk, Mr L. Churu, informed the Committee that the 2021 to 2023 financial statements were ready for auditing. However, the Council did not have an auditor to do the fieldwork because the external auditors were still liaising with the Auditor General to sign a contract.

5.2 Hwange RDC—The Chief Executive Officer of Hwange RDC Mr. P. Ncube informed the Committee that the 2022 accounts were affected after the central server collapsed in 2023 after being struck by lightning. The Council had to recompute the accounts manually, contributing to the delays in submitting financial statements for audit. However, the accounts were completed and ready for audit, and the drafts were submitted to the external auditors.

#### **5.4 *Committee Observations***

- 5.4.1 The collapse of Hwange RDC's central server caused delays and necessitated manual recomputation of the Council's books of accounts.

#### **5.5 *Committee Recommendations***

- 5.5.1 Hwange Rural District Council need to implement stronger contingency plans to prevent similar situations from occurring in the future. The Council should invest in backup systems, train staff on disaster recovery procedures and regularly review and update its financial processes to ensure efficiency and accuracy. The system backup should be available by 31 August 2024.

### **6.0 *Accounting Systems***

- 6.1 Gweru City Council's Acting Clerk submitted that the local authority uses Programme Municipality (PROMUN), a government contract that was given to the local authorities, as its accounting system, which is supplied by a South African vendor. The Committee was told that the system could handle transactions up to trial balance. From the trial balance onwards, the Council manually processes its transactions. Considering the volume of transactions that are done daily, which runs into millions, manually preparing bank reconciliation statements was a mammoth task, hence the delays in preparing financial statements.

#### **6.2 *Committee Observation***

- 6.2.1 Given the volume of transactions that Gweru City Council handles, the PROMUN accounting system is too small for its stature. Relying on manual processes for bank reconciliation statements is not only time-consuming but also prone to errors.

#### **6.3 *Committee Recommendation***

- 6.3.1 Gweru City Council should invest in tried-and-tested accounting systems that match the demands of the local authority by 31 December 2024 to enhance efficiency and accuracy in its financial management and improve the timeliness of financial reporting.



## **7.0 Conclusion**

- 7.1 The Local Authorities and the Ministry of Local Government and Public Works must make sure that the Committee's recommendations are implemented and address the problem of non-compliance with the provisions of the PFMA Act. In the future, the Ministry of Local Government must not approve budgets for local authorities lagging in submitting financial statements to the Auditor General.

**ANNEXURE D: ACCOUNTS NOT YET SUBMITTED AS OF MAY 31, 2023**

<b>NAME OF LOCAL AUTHORITY</b>	<b>YEAR</b>
<b>CITY COUNCILS</b>	
1. Bulawayo City Council	2021 & 2022
2. Gweru City Council	2020 - 2022
3. Harare City Council	2021 & 2022
4. Kwekwe City Council	2022
<b>MUNICIPAL COUNCILS</b>	
5. Beit Bridge Municipality	2021 & 2022
6. Bindura Municipality	2022
7. Chegutu Municipality	2022
8. Chitungwiza Municipality	2021 & 2022
9. Gwanda Municipality	2021 & 2022
10. Kariba Municipality	2022
11. Marondera Municipality	2021 & 2022
<b>TOWN COUNCILS</b>	
12. Chipinge Town Council	2021 & 2022
13. Chiredzi Town Council	2021 & 2022
14. Gokwe Town Council	2022
15. Karoi Town Council	2020 - 2022
16. Mvurwi Town Council	2022
17. Norton Town Council	2022
18. Plumtree Town council	2022
19. Rusape Town Council	2022
<b>LOCAL BOARDS</b>	
20. Chirundu Local Board	2022

21. Epworth Local Board	2021 & 2022
22. Hwange Local Board	2020 - 2022
23. Lupane Local Board	2021 & 2022
24. Ruwa Local Board	2022
<b>RURAL DISTRICT COUNCIL</b>	
25. Beitbridge Rural District Council	2021 & 2022
26. Bikita Rural District Council	2022
27. Bubi Rural District Council	2021 & 2022
28. Buhera Rural District Council	2022
29. Bulilima Rural District Council	2022
30. Chegutu Rural District Council	2022
31. Chikomba Rural District Council	2022
32. Chimanimani Rural District Council	2022
33. Chipinge Rural District Council	2022
34. Chiredzi Rural District Council	2022
35. Chirumanzi Rural District Council	2022
36. Chivi Rural District Council	2022
37. Gokwe North District Council	2022
38. Gokwe South District Council	2022
39. Guruve Rural District Council	2021 & 2022
40. Gutu Rural District Council	2022
41. Gwanda Rural District Council	2022
42. Hurungwe Rural District Council	2022
43. Hwange Rural District Council	2019-2022
44. Hwedza Rural District Council	2022
45. Insiza Rural District Council	2022
46. Kusile Rural District Council	2020 - 2022
47. Makonde Rural District Council	2021 & 2022
48. Makoni Rural District Council	2022
49. Mangwe Rural District Council	2021 & 2022

50. Manyame Rural District Council	2022
51. Matobo Rural District Council	2022
52. Mazowe Rural District Council	2022
53. Mberengwa Rural District Council	2022
54. Mbire Rural District Council	2022
55. Mhondoro-Ngezi Rural District Council	2022
56. Mudzi Rural District Council	2022
57. Murewa Rural District Council	2022
58. Mutare Rural District Council	2022
59. Mutasa Rural District Council	2022
60. Mutoko Rural District Council	2022
61. Muzarabani Rural District Council	2022
62. Mwenezi Rural District Council	2021 & 2022
63. Nkayi Rural District Council	2022
64. Nyaminyami Rural District Council	2021 & 2022
65. Nyanga Rural District Council	2021 & 2022
66. Pfura Rural District Council	2022
67. Sanyati Rural District Council	2022
68. Tongogara Rural District Council	2021 & 2022
69. Tsholotsho Rural District Council	2021 & 2022
70. Umguza Rural District Council	2021 & 2022
71. Umzingwane Rural District Council	2022
72. Vungu Rural District Council	2020 -2022
73. Zaka Rural District Council	2022
74. Zibagwe Rural District Council	2021 & 2022
75. Zvimba Rural District Council	2022