

SECTION 6 IMPROVING THE MANAGEMENT OF FINANCE

- 6.1 Introducing value for money reviews
- 6.2 Strengthening external audit
- 6.3 Improving procurement and purchasing procedures

6.1 Introducing value for money reviews

The Public Service Review Commission of Zimbabwe of May 1989 recommended changes in the management of government finance which were subsequently approved by Cabinet.

Among the recommendations accepted were:

- The introduction of Value for Money reviews.
- The delegation of spending authority.
- The establishment of new audit and verification systems.
- The introduction of revised and simplified accounting plans.

At the Twelfth International Congress of Supreme Auditing Institutions, held in Australia in 1986, member countries, including Zimbabwe, adopted the concept of performance auditing.

The Audit and Exchequer Act was amended in 1989, in particular to empower the Comptroller and Auditor General to bring to the notice of Parliament the consequences of any policy decisions he believes Parliament may wish to review or know. The amendment also empowers internal auditors in each ministry to assess the cost-effectiveness of any project undertaken by the ministry.

Value for Money audits, the purpose of which are to improve results with less resources, are carried out in four phases:

- There is a general assessment to understand the organisation in all its dimensions.
- The auditor isolates and studies particular problems.
- Detailed studies are undertaken in areas of concern and recommendations made.
- Follow up reviews are carried out.

The first full value for money audit was carried out in the National Registration Bureau in the Ministry of Home Affairs in 1991 and a report presented to Parliament by the Comptroller and Auditor General on 30th June, 1992 indicating

ways in which to reduce the backlog in the production of National Registration Identity Cards and to eliminate the long queues associated with the Bureau. Since then, a number of Value for Money audits have been carried out in various sections of the Central Mechanical Equipment Department, Ministry of Local Government, Rural and Urban Development, Central Purchasing Authority, Ministry of Health and Child Welfare and State Trading Corporation, Ministry of Industry and Commerce, and reports submitted to Parliament.

Supporting material

Value for Money Audits by the Comptroller and Auditor – General Reports Reference VFM 411 (1992), VFM 415, VFM 416, (1993), VFM 417 (1994), VFM 418, VFM 425 (1995) VFM 1/1996

6.2 Strengthening external audit

External Auditing in Zimbabwe is vested in the Comptroller and Auditor-General as prescribed by the Zimbabwe Constitution and Audit and Exchequer Regulations. The Comptroller and Auditor-General presents his reports to Parliament through the Public Accounts Committee (PAC).

The role of the Comptroller and Auditor-General is to supply Parliament with independent and accurate financial information ensuring that the executive reports to Parliament completely and honestly.

The Constitution states that the Comptroller and Auditor-General "shall not be subject to the direction or control of any person or authority other than the House of Assembly", thus ensuring complete independence in the conduct of audits.

In discharging his or her duties, the Comptroller and Auditor-General examines all records and documents to ensure that:

- all the monies that have been appropriated by Parliament and disbursed have been applied to purposes for which they were so appropriated, and that the expenditure conforms to the authority that governs it;
- all reasonable precautions have been taken to safeguard the collection of all fees, taxes and other revenue of the State and to safeguard and control property of the State.

Legal provisions empower the Comptroller and Auditor-General to have access to books and records of cash and other state properties. The role of that office has been expanded to include a responsibility for checking:

- that the business of the entity is conducted efficiently and effectively;
- that the purpose for which the entity was established is being achieved.

The purpose of external auditing is to:

- provide for the examination and audit of public accounts;
- ensure that parliament obtains an accurate report on how monies are spent;
- ensure that monies are properly collected and spent as authorised;

- ensure that value for money is obtained in all public expenditure.

Whereas traditional auditing almost exclusively emphasised controlling of money expenditure, modern auditing in Zimbabwe has now broadened to include good financial management practices. The goal is to influence the attitudes and values of those who are custodians of public monies. Advisory and training services are now part of auditing.

Supporting material

- (i) Government of Zimbabwe Treasury Instruction (issued 1987)
- (ii) The Zimbabwe Constitution 1979, Section 105 (1)
- (iii) Audit and Exchequer Act (Chapter 168), amended 1989

6.3 Improving procurement and purchasing procedures

The Zimbabwe Government procurement procedures are elaborate. The Government Tender Board oversees all Government procurement. This Board assists all government departments in the purchasing of supplies and arranging for services. Departments advise the Board of their estimated requirements during a given period. According to the purchasing regulations, for all purchases exceeding Z\$150,000 tenders must be sought formally by the Board. For goods that would cost less than that amount the procedures are less formal. Currently, the Office of the Attorney General is drafting legal instruments for a reformed Government Tender Board.

The Public Service Review Commission of Zimbabwe, May 1989 recommended that the capacity of personnel with responsibility for government procurement and purchasing should be strengthened.

It was specifically recommended that the managers in this area needed to acquire more skills, and that some procurement and purchasing should be delegated to departments. These recommendations were accepted by the Cabinet and a policy review is now in progress.

In 1994, five government departments with procurement responsibilities were reviewed by consultants from Crown Agents (UK). The reports provided offered many ideas for streamlining operations, improving/increasing training of those involved in procurement and upgrading the job classification for procurement staff in order to attract and retain better candidates for this field. This process has now been overtaken to a certain extent by the thrust towards privatising and commercialising the agencies responsible for purchasing and procurement.

Supporting Material

- (i) Civil Service Reform Programme
- (ii) Logistics Component, Final Report, March 1995 (Crown Agents)