

# **A PRESENTATION TO ICAZ**

**BY THE AUDITOR-GENERAL**

**MRS M. CHIRI**

**SEPTEMBER 1, 2016**

**LEGACY MONOMOTAPA HOTEL**

# Functions of the Auditor General

- Section 309 of the Constitution states that the Auditor General has the mandate to audit the public sector.
- Section 9 of the Audit Office Act allows the Auditor-General to contract out audits.

# Economic Environment

- Harsh and negatively affecting the economy.
- Has affected the integrity and moral ethos or culture of society.
- Resulted in poor corporate governance leading to fraud, corruption and unsound business decisions.

# Zimbabwe Agenda for Sustainable Socio-Economic Transformation (ZIMASSET)

- **Has four clusters:**
  - ❖ Food security and nutrition.
  - ❖ Social services and poverty eradication
  - ❖ Infrastructure and utilities
  - ❖ Value addition and beneficiation
- **Has two sub-clusters:**
  - ❖ Fiscal reform measures and public administration
  - ❖ Governance and Performance Management
- **Most public entities have been fitted into relevant clusters of the Zimasset.**
- **Auditors to comment on the implementation of Zimasset**

# Corporate Governance Framework for State Enterprises and Parastatals

- Public enterprises to comply with this code e.g.
- Section 3.5.1 is about Board evaluation.
- Section 3.5.2 Board to sign performance agreement with Responsible Minister.
- Section 3.2.1 – Board to be constituted with directors of appropriate expertise and skills mix.
- Section 3.12 – Board committees.
- section 3.21 – Loans to non-executive directors are prohibited.
- Auditors to point out non-compliance to the code.

# National Code on Corporate Governance Zimbabwe (Zimcode)

- Applies to entities in both private and public sectors.
- Basis – apply or explain.
- Auditors to seek explanations where the code has not been complied with.

# State Procurement Board Act

## Thresholds:

- \$10 000 and below – obtain 3 competitive quotes.
- \$10 000 – \$500 000 – Float a tender which is finalized by the Head of Office e.g. C.E.O. or Permanent Secretary.
- \$500 001 and above – Float a tender which is finalized by State Procurement Board.
- Current Act under revision.
- Auditors to point out non-compliance.

# Enabling Acts of Public Sector Entities

- Mandate
- Service delivery



# Other Acts

- Public Finance Management Act
- Relevant Statutory Instruments
- Relevant Policies and Regulations

# Feedback from Clients

## Delayed Audits

- Auditors not prioritizing them

## Audit Fees

- Auditors to exercise sobriety and moderation in charging fees as clients are struggling to pay because of the harsh economic situation.

# Materiality levels

- There is need to adjust materiality levels in the public sector.

# Forensic Audits

- To attend to all terms of reference 100% regardless of materiality.
- If wider mandate issues are taken into account during audit, the need for forensic audits will fall away.

# Rotation of Audits

- Governed by section 5.5.1 of the Parastatals Code.
- Challenge of sharing public entities amongst ever increasing list of firms.
- Consider merging firms.

# Annual Report

Three volumes on narrative format.

- Appropriation/Ministries report.
- Parastatals and State Enterprises Report.
- Local Authorities Report.

# Conclusion

- To carry out compliance audits – ISA250.
- Guidelines
- To play our role as auditors within the Zimasset blueprint.