

Gazetted on the 31st of March 2021

H.B. 4, 2021.]

PUBLIC FINANCE MANAGEMENT AMENDMENT BILL, 2021

MEMORANDUM

The purpose of this Bill is to amend the Public Finance Management Act [*Chapter 22:19*] so as to align it with the provisions of the Constitution of Zimbabwe, *inter alia*, in the following respects:

Clause 1

This clause cites the title to the Bill as the Public Finance Management Amendment Bill, 2021.

Clause 2

New definitions of “assets”, “grant”, “liabilities”, “public property”, “Treasury memorandum” and “virement” will be inserted in the principal Act by this clause. The definition of Auditor-General will be amended so as to refer to the current name of the office under the Constitution of Zimbabwe and to cross-refer to the correct section in the Constitution. The definition of “financial statements” will be replaced by a wider definition.

Clause 3

This clause will provide for a new provision on the objects of the principal Act.

Clause 4

Clause 4 will amend section 4(1) of the principal Act so as to provide for provincial and metropolitan councils and local authorities.

Clause 5

A new Part IIA will be inserted in the principal Act which will provide for Parliamentary oversight of State revenues and expenditure. A new clause 5A will provide for Parliament to monitor and oversee public finances, while the new clause 5B will state the responsibilities of a Parliamentary Committee on budgets and a new clause 5C will provide for the responsibilities of the Public Accounts Committee.

Clause 6

This clause will insert a new subsection (3a) in section 6 of the principal Act which will require the written instructions issued by the Accounting Officer to be approved by Treasury and to be submitted to the Auditor-General.

Clause 7

Clause 7 will repeal paragraph (b) of section 7(1) of the principal Act and will substitute new paragraphs (b) and (c). The new paragraph (b) will state the Minister of Finance’s duty as advising the government on the allocation of public resources between ministries, public entities, etc., while the new paragraph (c) will require the Minister to provide guidance on measures to be adopted by Government to ensure the balanced allocation of resources.

Clause 8

A new section 10A will be inserted in the principal Act which will provide for the office of a Director responsible for finance in each Ministry.

Clause 9

This clause will replace section 12(8) so as to provide for appeals to be lodged with the appropriate Minister and for appeals to be submitted to the Auditor-General for comments.

Clause 10

Clause 10 will insert new sections 12A, 12B and 12C into the principal Act. The new section 12A sets out the duties of custodians of public funds and public property. The management of State assets is provided for in the new section 12B. The new section 12C will provide for Treasury to impose a surcharge on any person who has the responsibility of collecting moneys where such moneys are found to be deficient, or where there is a loss of public moneys, etc.

Clause 11

Section 16 of the principal Act will be repealed and substituted by this clause. The new clause will require all revenues to be paid into the Exchequer Account.

Clause 12

This clause will repeal and replace section 17 of the principal Act and will provide for the control of expenditure from the Consolidated Revenue Fund.

Clause 13

Clause 13 will insert new sections 17A and 17B into the principal Act. The new section 17A will require costs and expenses to be direct charges against the Consolidated Revenue Fund. Grants of credit will be charged against the Consolidated Revenue Fund in terms of the new section 17B.

Clause 14

Clause 14 will make provision for the appointment of management committees by an accounting officer under the new section 18(12).

Clause 15

This clause will amend section 19 of the principal Act by deleting the reference to “House of Assembly” and substituting it with “National Assembly” in accordance with the Constitution and by substituting the correct cross-reference to the particular section of the Constitution.

Clause 16

Section 22 of the principal Act will be repealed by this clause and replaced with a provision which provides for Treasury to establish banking accounts with the Reserve Bank or an authorised financial institution.

Clause 17

This clause will amend section 24 of the principal Act so as to provide for issues authorised to be included in additional or supplementary estimates of expenditure.

Clause 18

Clause 18 will substitute section 27(1), which will provide for the President to authorise the issue of money from the Consolidated Revenue Fund, during the dissolution of Parliament, so as to carry on the services of Government.

Clause 19

A new section 27A will be inserted into the principal Act by this clause. The new section 27A will provide for the preparation of estimates of revenue and expenditure.

Clause 20

This clause will amend section 28(2) and (3) by deleting “House of Assembly” and substituting “National Assembly” so as to correctly refer to the chambers as cited in the Constitution. Section 28(4) as amended will require the Minister of Finance to submit separate estimates of revenue and expenditure for each Commission, the office of the Auditor-General, etc.

Clause 21

Clause 21 will insert new sections 28A, 28B and 28C. The new section 28A will make provision for the management of budgets and the new section 28B will provide for the management of cash. Additional and supplementary estimates will be provided for in the new section 28C.

Clause 22

A new section 29A, which provides for Virementing, will be provided for by this clause.

Clause 23

Section 31(1) of the principal Act will be substituted in terms of this clause and will provide for the expiry of provisions which have been made in an Appropriation Act and which have not been expended in the particular financial year, at the end of that financial year.

Clause 24

This clause will insert a new section 31A in Part IV of the principal Act which will provide for the details relating to financial reporting.

Clause 25

Clause 25 will substitute section 32(1) which will require directors responsible for finance to prepare or cause to be prepared, the annual financial statements of the particular Ministry and to submit the statements to the accounting officer.

Clause 26

Clause 26 will repeal and replace section 35 of the principal Act. The new section 35 will require accounting officers to keep proper records of accounts, and to submit statements to the Auditor-General and Accountant-General within 30 days after the end of the financial year. The Accountant-General will be required to prepare financial statements on the Consolidated Revenue Fund and to submit the statements to the Auditor-General.

Clause 27

Under this clause a new section 36A will be inserted into the principal Act. This new provision will require the accounting officer of a constitutional entity or public entity to submit annual reports and financial statements to the National Assembly, the Minister of Finance, the appropriate Minister, the Accountant-General and the Auditor-General.

Clause 28

This clause will replace section 37 of the principal Act, which will provide for financial statements to comply with the generally accepted accounting practices as approved by the Accountant-General.

Clause 29

Clause 31 will substitute section 81 of the principal Act and provide for external auditors. The clause will provide for the procedure to be followed by the Auditor-General in cases where he or she believes that there are irregularities in the management of public moneys.

Clause 30

Section 83 of the principal Act will be repealed and replaced by this clause. The new section 83 will require the Auditor-General or any independent auditor to audit financial statements and the provision sets out the details required to be mentioned in the audit.

Clause 31

A new section 84 will be inserted in the principal Act under this clause. The new section 84 will provide for audit committees to be established in Ministries, statutory funds, constitutional entities, etc. The responsibilities of audit committees are detailed in the provision.

Clause 32

This clause will amend section 90(1) so as to provide for the deposit of unclaimed moneys in any bank account of a Ministry, constitutional entity, etc., with the Treasury.

Clause 33

Clause 33 will insert new sections 90A and 90B. The new section 90A will provide for retention moneys and the new section 90B will provide for the recovery of debts due to the State.

Clause 34

This will insert a new clause which would provide for transitional financial provisions of the Provincial and Metropolitan Councils.

BILL

To amend the Public Finance Management Act [*Chapter 22:19*]; and to provide for matters connected with or incidental to the foregoing.

ENACTED by the Parliament and the President of Zimbabwe.

5 **1 Short title**

This Act may be cited as the Public Finance Management Amendment Act, 2021.

2 Amendment of section 2 of Cap. 22:19

Section 2 (“Interpretation”) of the principal Act is amended—

(a) by the insertion of the following definitions—

10 “assets” means resources controlled by an entity as a result of past events and from which future economic benefits or service potential are expected to flow to the entity;

 “Auditor-General” means the person appointed as such in terms of section 310 of the Constitution;

15 “financial assets” include deposits, cheques, loans, accounts receivable and marketable securities including bonds, notes and shares;

 “grant” means—

(a) an amount of money that is given by a government to a public entity to be used for a particular purpose; or

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- (b) an amount of money designated as such by the Appropriation Law.
- “liabilities” means present obligations of the entity arising from past events, the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits or service potential; 5
- “public funds” includes any money owned or held by the State or any institution or agency of government, including provincial and local tiers of government, statutory bodies and government-controlled entities; 10
- “public property” means any property owned or held by the State or any institution or agency of government, including provincial and local tiers of government, statutory bodies and government-controlled entities;
- “Treasury memorandum” means an action report by the Minister detailing the actions taken on the recommendations of Parliament arising out of the report of the Auditor-General; 15
- “virement” means the application, as authorised by an Appropriation Act, of savings on a subhead of a vote to meet excess expenditure on another subhead or expenditure on a new subhead of the same vote; 20
- (b) by the repeal of the definition of “financial statements” and the substitution of—
- “financial statements” in relation to—
- (a) the State finances of Zimbabwe means— 25
- (i) a statement of cash receipts and payments;
- (ii) accounting policies and explanatory notes;
- (iii) where an entity makes publicly available its approved budget, a comparison of budget and actual amounts either as a separate additional financial statement or as a budget column in the statement of cash receipts and payments; and 30
- (iv) other reports that the Accountant-General may require;
- (b) a public entity or statutory fund or a fund established by or in terms of this Act, means— 35
- (i) a statement of financial position;
- (ii) a statement of comprehensive income;
- (iii) a statement of cash-flow;
- (iv) audited or unaudited monthly, quarterly or annual financial accounts; 40
- (v) any other statements that may be prescribed;
- (c) a fund established by or in terms of this Act—
- (i) a statement of financial position;
- (ii) a statement of financial performance;
- (iii) a statement of changes in net assets or equity; 45
- (iv) a statement of cash-flow;

- (v) where an entity makes publicly available its approved budget, a comparison of budget and actual amounts either as a separate additional financial statement or as a budget column in the financial statement; and
- 5 (vi) notes, comprising a summary of significant accounting policies and other explanatory notes;
- (c) in the definition of “revenues” by the deletion of “section 101” and the substitution of “section 302”.

3 Amendment of section 3 of Cap. 22:19

10 Section 3 of the principal Act is repealed and the following is substituted—

“3. Object of Act

The object of this Act is to—

- 15 (a) secure transparency, accountability and sound management of the revenues, expenditure, assets and liabilities of any entity specified in section 4(1);
- (b) ensure public finances are managed in accordance with the principles set out in the Constitution.”.

4 Amendment of section 4 of Cap. 22:19

20 Section 4 (“Application of Act”) of the principal Act is amended in subsection (1) by the insertion after paragraph (d) of the following paragraphs—

- “(e) provincial and metropolitan councils; and
- (f) local authorities.”.

5 New Part inserted in Cap. 22:19

The principal Act is amended by the insertion after Part 1 of the following Part—

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“PART IIA

PARLIAMENTARY OVERSIGHT OF STATE REVENUES AND EXPENDITURE

5A Parliament to monitor and oversee Public Finances

30 (1) The National Assembly shall, through parliamentary portfolio committees, monitor and oversee expenditure by the State and all Commissions and institutions and agencies of government at every level, including statutory bodies, government-controlled entities, provincial and metropolitan councils and local authorities, in order to ensure that—

- 35 (a) all revenue is accounted for;
- (b) all expenditure has been properly incurred; and
- (c) any limits and conditions on appropriations have been observed.

(2) The Speaker of Parliament shall designate Parliamentary Portfolio Committees according to government portfolios, to examine the expenditure, administration and policy of government departments.

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5B Responsibilities of Parliamentary Committee on Budgets

(1) The Speaker of Parliament shall designate a Parliamentary Committee of the National Assembly to deal with finance and budgetary matters.

(2) The Committee established in terms of subsection (1) shall deal with representations by commissions and other constitutional entities as to the funds to be allocated to them in each financial year.

5C Responsibilities of the Public Accounts Committee

(1) The Speaker of Parliament shall designate a Public Accounts Committee whose mandate shall be to examine the financial affairs and accounts of Government Departments, state owned enterprises, provincial and metropolitan councils and local authorities. 5

(2) The Committee designated in terms of subsection (1) shall be responsible for examining all reports of the Auditor-General. 10

(3) The Committee performs an oversight role of reviewing the financial statements of Departments funded from public funds.

5D Parliament to observe standing rules and orders

In discharging its functions in terms of sections 5A, 5B and 5C, the parliament shall pay due regard to the standing rules and orders.”. 15

6 Amendment of section 6 of Cap. 22:19

Section 6 (“Treasury to manage and control public resources”) of the principal Act is amended by the insertion after subsection (3) of the following subsection—

“(3a) The written departmental instructions issued by the Accounting Officer in terms of subsection (3) shall be approved by Treasury and a copy of the approved departmental instructions shall be submitted to the Auditor-General.”. 20

7 Amendment of section 7 of Cap. 22:19

Section 7 (“Duties and powers of Minister”) of the principal Act is amended in subsection (1) by—

(a) the repeal of paragraph (b) and the substitution of the following paragraphs— 25

“(b) to advise the Government on the allocation of public resources as between ministries, reporting units, public entities, constitutional entities, metropolitan provinces, local authorities and any programmes of Government independent of the foregoing; 30

(c) to provide guidance on measures that should be adopted by Government to ensure resource allocation processes, promote balanced national development, gender parity and equity responsiveness.”.

8 New section inserted in Cap. 22:19 35

The principal Act is amended by the insertion after section 10 of the following section—

“10A Director responsible for finance

(1) The day-to-day operations of public finance systems in Ministries shall, subject to this Act, be controlled and managed by a Director responsible for finance, whose office shall be a public office and shall form part of the Civil Service, and who shall report to the accounting officer appointed in terms of section 10. 40

(2) The Director responsible for finance shall be directly accountable to the accounting officer of a Ministry for ensuring the performance and exercise of the functions of the finance office.”. 45

9 Amendment of section 12 of Cap. 22:19

Section 12 (“Loss or destruction of or damage to State property”) of the principal Act is amended by the repeal of subsection (8) and the substitution of—

- 5 “(8) An appeal in terms of subsection (7) shall be lodged with the appropriate Minister who, before forwarding it to the Minister, shall submit it to the Auditor-General for any comments he or she may wish to make thereon.”.

10 New section inserted in Cap. 22:19

The principal Act is amended by the insertion after section 12, of the following sections—

10 “12A Duties of custodians of public funds and public property

(1) Any person who is responsible for the expenditure of public funds shall ensure that such funds are spent in accordance with authorised purposes and authorised amounts.

- 15 (2) Any person who has the custody or control of public property shall safeguard such property and ensure that it is not lost, damaged, destroyed, misapplied or misused.

12B Management of State assets

(1) Every accounting officer shall be responsible for the assets of the Ministry for which he or she is accountable.

- 20 (2) In carrying out the responsibilities referred to in subsection (1) every accounting officer shall ensure that proper control systems exist for the custody and management of the assets.

25 (3) Control systems for asset management shall ensure that preventive mechanisms are in place to eliminate loss, theft, wastage and misuse.

(4) Every accounting officer shall keep asset records, both manual and electronic, that ensure effective, efficient, economical and transparent use of assets.

- 30 (5) Every accounting officer shall conduct a periodical physical verification of State assets.

12C Treasury surcharge

(1) In this section—

- 35 “a surcharge” shall apply to persons who are in the employment of the State or who were in the employment of the State at the time of any deficiency in or improper payment of, or any payment not duly vouched for or loss or destruction of, public moneys for which they were responsible;

40 “any reference to moneys” shall be construed as including a reference to tokens, stamps or other such instruments which have a face value or are to be sold for an amount shown on the face thereof and, in the case of any deficiency in such instruments, a surcharge in terms of this section may be calculated in relation to the face value of such instruments.

(2) If—

- 45 (a) it appears to the Treasury that any person to whom the provisions of this section apply was responsible for—

- (i) any deficiency in the collection of or accounting for public moneys; or
- (ii) any improper payment of public moneys; or
- (iii) any payment of public moneys which is not duly vouched for and the Treasury is satisfied that such payment has resulted in a loss of public moneys or a further payment of public moneys in respect of the same matter; or 5
- (iv) any deficiency in or destruction of public moneys; and
- (v) an explanation satisfactory to the Treasury is not, within a period specified by them, furnished to them with regard to such irregularity as is referred to in paragraph (a); 10

the Treasury may impose a surcharge against the said person the amount of any sums not collected or accounted for or the amount of any deficiency in or improper payment, payment not duly vouched for or loss or destruction of public moneys, as the case may be: 15

Provided that no surcharge may be raised against any person who has acted in good faith and without gross negligence,

- (3) The Minister may at any time withdraw a surcharge— 20
 - (a) in respect of which a satisfactory explanation has been received; or
 - (b) if it otherwise appears to him or her that no surcharge should have been made.

(4) Whenever the Treasury raises a surcharge in terms of subsection (2) or withdraws a surcharge in terms of subsection (3), they shall immediately notify the appropriate accounting officer. 25

(5) Any person who is dissatisfied with a surcharge raised against him or her by the Treasury, he or she may, within a period of one month after he or she has been notified thereof or such further period as the appropriate Minister in special circumstances may allow, appeal in writing to the Minister against such surcharge, giving his or her reasons as to why he or she feels that he or she should not have had a surcharge imposed on him or her. 30

(6) An appeal in terms of subsection (5) shall be lodged with the appropriate Minister who shall submit it to the Treasury for its consideration. 35

(7) After considering an appeal in terms of subsection (5) the Treasury shall—

- (a) reject the appeal; or
- (b) make an order directing that the person concerned be released wholly or in part from the surcharge; as may appear to it to be just and reasonable. 40

(8) A surcharge raised by the Treasury which has not been withdrawn or from which the person concerned has not been released in terms of section 5 shall be a debt due to the State. 45

(9) The amount of any surcharge which has been recovered shall be paid to the Consolidated Revenue Fund or the account in respect of which the surcharge was raised.”.

11 Amendment of section 16 of Cap. 22:19

Section 16 of the principal Act is repealed and the following substituted—

“16 Money to be paid into Exchequer Account

(1) In subsection (5)—

5 “small-scale commercial land” has the meaning given to it by section 2(1) of the Rural District Councils Act [*Chapter 29:13*].

(2) Subject to this section and section 18(9), all revenues shall be paid into the Exchequer Account.

10 (3) A receiver of revenue may, if authorised by the Treasury and subject to such conditions as may be fixed by the Treasury, withhold from the Exchequer Account revenues which have been collected and shall retain revenues so withheld in a deposit account for the purpose of making refunds of revenues or money erroneously brought to account as revenues.

15 (4) Public moneys that are not revenues shall, if so prescribed, be paid into the Exchequer Account with effect from such date as may be prescribed.

20 (5) Revenues received from the lease of a business or residential site in small scale commercial land shall be paid to the local authority in whose area that business or residential site is situated.”.

12 New section substituted for section 17 of Cap. 22:19

Section 17 of the principal Act is repealed and the following section is substituted—

“17 Control of Expenditure and issues from the Consolidated Revenue Fund

25 (1) Notwithstanding anything to the contrary contained in any other enactment—

(a) no payment involving a charge upon the Consolidated Revenue Fund shall be made without the written authority of the Treasury;

30 (b) no expenditure of public moneys shall be incurred on any service unless provision therefor has been made by or in terms of this Act or any other enactment.

(2) The Treasury may authorise the issue from the Consolidated Revenue Fund of money appropriated by this Act or any other enactment to any specific purpose—

35 (a) not exceeding the amount so appropriated; or

(b) where the appropriation is made for a specific purpose without specifying the amount so appropriated, the amount estimated by the Treasury to be required for such purpose.

40 (3) The Treasury may authorise the issue from the Exchequer Account of—

(a) any amount which it considers appropriate to withdraw from the Exchequer Account for investments otherwise than

through the accounts established in terms of section 22(1) which form part of the Exchequer Account;

- (b) any public moneys, that are not revenues, which have been or may be paid into the Exchequer Account for any purpose.

(4) Notwithstanding any authority issued in terms of subsection (2) or (3), the Treasury may limit or suspend any expenditure authorised by such authority if, in its opinion, such action is in the public interest. 5

(5) Where, prior to the closing of the accounts of a financial year which relate to money appropriated by any enactment, it is found that an amount has been improperly charged against such appropriation, that amount shall be disallowed and the expenditure recorded against that appropriation in that financial year shall be reduced by the amount so disallowed. 10

(6) Any expenditure disallowed in terms of subsection (5) shall be dealt with as an advance in terms of section 25 until such time as the amount has been recovered or the charge has been otherwise adjusted.”. 15

13 New section inserted in Cap. 22: 19

The principal Act is amended by the insertion after section 17 of the following sections —

“17A Costs and expenses to be direct charges 20

(1) Costs and expenses incurred in collecting and managing the Consolidated Revenue Fund shall be direct charges against such fund.

17B Grants of credit on the Consolidated Revenue Fund

(1) When an issue from the Consolidated Revenue Fund or Exchequer Account has been authorised in terms of this Act, the Accountant-General may by requisition, from time to time, require the Minister to grant a credit on the Exchequer Account not exceeding the aggregate sum authorised in terms of the Act. 25

(2) On receipt of a requisition in terms of subsection (1), the Minister shall grant a credit on the Exchequer Account in accordance with such requisition if he or she is satisfied that — 30

- (a) the amount has been lawfully authorised; and
- (b) the amount so requisitioned, together with any other amounts previously requisitioned during the financial year, does not exceed the aggregate amount that may lawfully be authorised. 35

(3) A credit granted by the Minister in terms of subsection (2) shall constitute the necessary authority to the Reserve Bank to transfer the amount specified therein from the Exchequer Account to the Paymaster-General’s Account in accordance with the directions of the Treasury.

(4) Statements showing payments into and withdrawals from the Exchequer Account shall be rendered by the Reserve Bank to the Treasury at such intervals and in such form as the Treasury may direct.”. 40

14 Amendment of section 18 of Cap. 22:19

Section 18 (“Establishment of other public funds”) of the principal Act is amended by the insertion after subsection (11) of the following subsection — 45

“(12) An accounting officer may appoint management committees to assist him or her in the managing of the financial affairs:

5 Provided that the roles and responsibilities of these committees are stated in writing and that any fees paid to members of such committees are paid in accordance with the provisions of this Act.”.

15 Amendment of section 19 of Cap. 22:19

Section 19 (Anticipated or unauthorised excess expenditure) of the principal Act is amended—

- (a) by the repeal of subsection (1);
- 10 (b) in subsection (2), by the deletion of “House of Assembly” and the substitution of “National Assembly” wherever it occurs;
- (c) in subsection (3), by the deletion of “section 103(5)” and the substitution of “section 307(2)”.

16 Amendment of section 22 of Cap. 22:19

15 Section 22 of the principal Act is repealed and the following is substituted—

“22 Establishment of banking accounts

(1) The Treasury shall establish an account with the Reserve Bank or an authorised financial institution, to be known as the Exchequer Account and such account shall be for the deposit of moneys forming the Consolidated Revenue Fund.

(2) The Treasury may, within the Exchequer Account, establish separate accounts for the investment of surplus funds, which accounts shall be part of the Exchequer Account.

25 (3) The Treasury shall establish an account with the Reserve Bank or an authorised financial institution, to be known as the Paymaster-General’s Account and such account shall be for the disbursement of moneys forming the Consolidated Revenue Fund.

30 (4) The Treasury may establish with a financial institution or any similar body outside Zimbabwe or authorise the establishment therewith of such other accounts as it may deem necessary or desirable for the purposes of controlling or administering public moneys.

35 (5) No account shall be opened with a financial institution or other such body, whether within or outside Zimbabwe, for the deposit of public moneys otherwise than in terms of this Act, unless the written authority of the Accountant-General has been obtained therefor.

40 (6) Where an account has been opened with a financial institution or other body in terms of this section, the officer responsible for the administration of that account shall not incur any overdraft on that account otherwise than in accordance with the written authority of the Accountant-General.”.

17 Amendment of section 24 of Cap. 22:19

Section 24 (“Special warrants for issues to meet unforeseen expenditure”) of the principal Act is amended by the repeal of subsection (3) and the substitution of—

45 “(3) An issue authorised in terms of subsection (1) shall be included in additional or supplementary estimates of expenditure laid without delay before

the National Assembly and, if the National Assembly approves the estimates, the money must be charged upon the Consolidated Revenue Fund by an additional or supplementary Appropriation Act.”.

18 Amendment of section 27 of Cap. 22:19

Section 27(“Issue of money to carry on government after dissolution of Parliament”) of the principal Act is amended by the deletion of subsection (1) and the substitution of—

“(1) Subject to subsection (2), if at any time Parliament has been dissolved before any provision or sufficient provision has been made in terms of Chapter 17 of the Constitution or this Act for the carrying on of the Government of Zimbabwe, the President may authorise the issue of money from the Consolidated Revenue Fund for the purpose of meeting expenditure necessary to carry on the services of the Government until three months after the National Assembly first meets after the dissolution.”.

19 New section inserted in Cap. 22: 19

The principal Act is amended in Part III (National Budget) by the insertion before section 28 of the following section—

“27A Preparation of estimates of revenue and expenditure

(1) Treasury shall, for each financial year, timeously—

- (a) prepare a Budget Calendar for the formulation of the National Budget for the subsequent year;
- (b) prepare the Budget guidelines for preparation of recurrent and capital budgets;
- (c) conduct Stakeholder consultations for the formulation of the National Budget.

(2) The Minister may, through the appropriate portfolio committee of Parliament, seek the views of Parliament in the preparation and formulation of the annual budget, for which purpose the appropriate portfolio committee shall conduct public hearings to elicit the opinions of as many stakeholders in the national budget as possible.”.

20 Amendment of section 28 of Cap. 22:19

Section 28 of the principal Act is amended—

- (a) in subsection (2) by the deletion of “House of Assembly” and the substitution of “National Assembly”;
- (b) by the insertion after subsection (2) of the following subsection—

“(2a) The Minister shall submit separate estimates of revenue and expenditure for the following institutions—

- (a) each Commission established by the Constitution;
 - (b) the office of the Auditor-General;
 - (c) the National Prosecuting Authority;
 - (d) the Council of Chiefs; and
 - (e) any other institution established by an Act of Parliament.”;
- (c) in subsection (3) by the deletion of “House of Assembly” and the substitution of “National Assembly”;

- (d) by the repeal of subsections (4) and (5) and the substitution of the following—

5 “(4) The Commissions and institutions whose estimates are submitted in accordance with subsection (2) shall be given a reasonable opportunity to make representations to a parliamentary committee as to the funds to be allocated to them in each financial year.”.

21 New sections inserted in Cap. 22: 19

The principal Act is amended by the insertion after section 28 of the following sections—

10 “28A Budget management

(1) Treasury shall—

- (a) notify State Entities and commissions of approved budgets through warrants;
- 15 (b) upload approved budgets on the Integrated Public Financial Management system.

(2) Every Accounting Officer shall be responsible for monitoring his or her budgets through commitment control.

28B Cash management

(1) Treasury shall be responsible for cash management and shall issue expenditure ceilings to State Entities and Commissions.

(2) Every Accounting Officer shall submit cash flow forecasts to the Treasury.

28C Additional or supplementary estimate

(1) If in respect of any financial year it is found that the amount appropriated by an Appropriation Act is insufficient or that a need has arisen for expenditure for a purpose to which no amount has been appropriated by that Act, a supplementary estimate, showing the amount required, shall be laid before the National Assembly, and the votes of expenditure shall be included in a Supplementary Appropriation Bill to be introduced to the National Assembly to provide for the appropriation of those sums.”.

22 New section inserted in Cap 22: 19

The principal Act is amended by the insertion after section 29 of the following section—

“29A Virementing

35 (1) Whenever any money has been appropriated under a vote of Parliament for a particular purpose, the Treasury may authorise the application of an expected saving on that vote to meet an excess of expenditure on any existing subhead of that vote or expenditure on a new subhead of that vote.

40 (2) The Treasury shall delegate any accounting officer to authorise virements within subheads, subject to any restrictions that it may impose.”.

23 Amendment of section 31 of Cap. 22:19

Section 31 (“Duration of appropriation and warrants”) of the principal Act is repealed and the following is substituted—

“31 Duration of appropriation and warrants

Where provision is made in an Appropriation Act, warrant or authority issued in terms of this Act for the incurring of expenditure on any service, such provision shall lapse and cease to have effect at the close of the financial year to which that Appropriation Act relates and, save as is otherwise provided in this Act, the unexpended balance of any money withdrawn from the Consolidated Revenue Fund shall be re-deposited in the Exchequer Account: 5

Provided that where any amount appropriated by any provision of an Appropriation Act is specified in the Estimates of Expenditure to which such appropriation relates as being required for a grant, then, unless the Treasury otherwise directs, the provisions of this subsection shall not apply in respect of that amount or in respect of the effect of that provision.”. 10

24 New section inserted in Cap. 22: 19 15

Part IV of the principal Act is amended by the insertion before section 32 of the following section—

“31A Financial reporting framework

(1) The cash basis of accounting shall be used when recording and preparing financial statements for voted funds. The accrual basis of accounting shall be used when recording and preparing financial statements for funds, statutory funds, statutory bodies, provincial and metropolitan councils and local authorities. 20

(2) The Accounting Standards that shall be adopted.”.

25 Amendment of section 32 of Cap. 22:19 25

Section 32 (“Preparation and reporting of annual financial statements by Ministries”) is repealed and the following is substituted—

“32 Preparation and reporting of annual financial statements

(1) Every director responsible for finance shall prepare or cause to be prepared the annual financial statements of the Ministry concerned and shall submit such statements to the accounting officer in that Ministry and to the Accountant-General within thirty days after the end of the year concerned. 30

(2) The financial statements referred to in subsection (1) shall be prepared in accordance with the Financial Reporting Framework as provided for in section 37.”. 35

26 Amendment of section 35 of Cap. 22:19

Section 35 of the principal Act is repealed and the following is substituted—

“35 Consolidation of Annual Financial Statements

(1) Every accounting officer of a Ministry shall — 40

- (a) keep or cause to be kept proper records of account; and
- (b) submit financial statements within thirty days after the end of the financial year to—
 - (i) the Auditor-General for audit; and
 - (ii) the Accountant-General for consolidation. 45

(2) Unless the Accountant-General otherwise directs, all appropriation accounts shall be closed and the financial statements are prepared and submitted to the Treasury within one month after the end of the financial year.

5 (3) Within three months after the end of each financial year the Accountant-General shall prepare and transmit to the Auditor-General, in such detail as the Accountant-General, after consultation with the Auditor-General, considers necessary, financial statements relating to the Consolidated Revenue Fund and the financial position of the State on the
10 last day of that financial year.

(4) Save as otherwise provided by this Act or any other enactment, an officer administering a trust, fund or account shall, within three months after the end of each financial year, prepare and transmit to the Accountant-General financial accounts, statements or returns in relation
15 to that trust, fund or account during that financial year in such form as the Accountant-General may direct.

(5) If in the opinion of the responsible Minister it would not be in the public interest to publish any account, statement or return which is required to be transmitted to the Accountant-General in terms of subsection
20 (4), the accounting officer shall, on the instructions of the Minister given in writing, endorse the account, statement or return accordingly.”.

27 New section inserted in Cap. 22: 19

The principal Act is amended by the insertion, after section 36 of the following section—

25 “36A Submission of financial statements to National Assembly

(1) Every accounting officer of a constitutional entity or public entity shall submit to—

- 30 (a) the National Assembly the annual report and the audited financial statements relating to the operations of the constitutional entity or public entity, as the case may be, within thirty days of the completion of the audit;
- (b) the Minister, the appropriate Minister, the Accountant-General, the National Assembly and the Auditor-General, any other reports that may be required in terms of this Act.

35 (2) Every accounting officer of a Ministry shall, within ninety days of the end of the financial year, submit to the respective Parliamentary Portfolio Committee the unaudited annual financial statements of his or her respective Ministry.

40 (3) The Minister shall, within ninety days of the end of the financial year, submit to the National Assembly the unaudited consolidated annual financial statements.

45 (4) Every appropriate Minister shall within thirty days of the tabling of the Report of the Auditor-General thereon before the National Assembly, submit to the respective Parliamentary Portfolio Committee the audited annual financial statements of his or her respective Ministry.

(5) The Minister shall submit to the National Assembly audited consolidated annual financial statements within one hundred and eighty days of the end of the financial year.”.

28 Amendment of section 37 of Cap. 22:19

Section 37 (“Financial statements and budgets to comply with generally accepted accounting practice”) is repealed and the following is substituted—

“37 Financial statements to comply with Financial Reporting Framework 5

(1) The financial statements required to be prepared in terms of this Act shall be prepared in accordance with generally accepted accounting practices recognised by the Accounting Standard Setting Board in Zimbabwe and approved by the Accountant-General.”.

29 Amendment of section 81 of Cap. 22:19 10

Section 81 (“External auditors”) of the principal Act is repealed and the following is substituted—

“81 External auditors

(1) The Auditor-General shall audit or cause to be audited the financial statements, financial systems and financial management of all accounting officers, receivers of revenue; statutory funds; designated or specified public entities; constitutional entities; provincial and metropolitan councils; and local authorities. 15

(2) The Auditor-General shall satisfy himself or herself that—

(a) all reasonable precautions have been taken to safeguard the collection of public money and that the provisions of this Act and any other enactment relating to the accounting for public resources and of any direction or instruction issued in terms of section 78 or departmental instruction referred to in section 6(3) which relate thereto have been duly observed; 20 25

(b) all payments of public money—
 (i) have been made in accordance with proper authority; and
 (ii) have been properly charged; and
 (iii) are supported by sufficient vouchers or proof of payment; 30

(c) all moneys expended and charged to an appropriation account—
 (i) have been applied to the purposes for which the grants made by Parliament were intended; and
 (ii) were expended in conformity with the appropriate authority; 35

(d) all reasonable precautions have been taken to safeguard and control State property and all issues of State property were made in accordance with proper authority.

(3) If at any time it appears to the Auditor-General that any irregularity has occurred in— 40

(a) the collection, receipt, custody, control or payment of public money; or
 (b) the receipt, custody, control, issue, sale, transfer or delivery of any State property; 45

he or she shall immediately bring the matter to the notice of the Treasury, the appropriate accounting officer or receiver of revenue, as the case may be, and—

- 5 (c) the Public Service Commission, where in his or her opinion the irregularity constitutes misconduct on the part of any member of the Public Service; and
- (d) the Commander of the branch of the Defence Forces concerned, where in his or her opinion the irregularity constitutes misconduct or a breach of discipline on the part of any member of the Defence Forces; and
- 10 (e) the Commissioner-General of Police, where in his or her opinion the irregularity constitutes misconduct or breach of discipline on the part of any member of the Police Force; and
- 15 (f) the Commissioner of Prisons, where in his or her opinion the irregularity constitutes misconduct or a breach of discipline on the part of any member of the Prison Service; and
- (g) the Attorney-General, where in his or her opinion the irregularity constitutes a criminal offence.
- 20 (h) the Zimbabwe Anti-Corruption Commission, where in his or her opinion the irregularity constitutes a case of suspected corruption.

(4) In the performance of his or her functions in terms of this section, the Auditor-General may order the taking of measures to rectify any defects in the management and safeguarding of public funds and public property and public officers must comply with orders given to them in terms of this subsection.

(5) In the performance of his or her functions in terms of this section, an external auditor shall have the same powers as an internal auditor under section 80(3).”.

30 Amendment of section 83 of Cap. 22:19

Section 83 of the principal Act is repealed and the following is substituted—

“83 Annual reports and audited financial statements

(1) The Auditor-General or any independent auditor shall audit the annual financial statements and return the audited statements referred to in section 81(1) within sixty days of receipt thereof.

- (2) The annual report and audited financial statements shall—
 - (a) contain a report on the activities, outputs and outcomes of the Ministry;
 - 40 (b) fairly present the state of affairs of the Ministry, reporting unit, constitutional entity or public entity for which the Ministry is responsible;
 - (c) include, where appropriate—
 - 45 (i) particulars relating to losses arising through criminal activities, and criminal and disciplinary action taken;
 - (ii) instances of unauthorised expenditure;

- (iii) instances of irregular expenditure;
- (iv) instances of fruitless and wasteful expenditure;
- (v) recoveries and write-offs of public resources;
- (vi) any other matters as may be prescribed.”.

31 Amendment of section 84 of Cap. 22:19 5

Section 84 of the principal Act is repealed and the following is substituted—

“84 Audit committees

(1) Every Ministry, statutory fund, constitutional entity, public entity provincial and metropolitan council, and local authority shall establish an audit committee. 10

(2) The responsibilities of an audit committee shall include the following—

- (a) to review internal controls, including the scope of the internal audit programme, and the internal audit findings, and to recommend appropriate action to be taken by the responsible authorities; 15
- (b) to ensure that accounts are prepared in a timely and accurate manner and to ensure the prompt publication of the annual accounts;
- (c) to review with the Auditor-General or other external auditors, as may be appropriate, the scope of their audit plan, the system of internal audit reports and assistance given by officers or staff to the auditors and any findings and action to be taken in connection therewith. 20

(3) An audit committee— 25

- (a) shall consist of at least three persons, of whom, in the case of a Ministry—
 - (i) one person shall not be a member of the Public Service; and
 - (ii) the majority shall not be persons employed in that Ministry, except with the approval of the appropriate Minister; and 30
 - (iii) the chairperson shall not be a member of the Public Service employed in the Ministry;
- (b) shall meet at least twice a year; and 35
- (c) may be established for two or more Ministries, or public or constitutional entities or provincial and metropolitan councils and local authorities if the Treasury considers it to be more economical.

(4) The composition of the Audit Committee shall promote the principle of gender balance and equity, and the members shall be appointed on merit. 40

(5) The Auditor-General, and external and internal auditors, shall have the right to attend and participate in the deliberations of the audit committee. 45

(6) Upon the request of any auditors, the chairperson of an audit committee shall convene a meeting to consider any matter that the auditors believe should be brought to the attention of the responsible authorities.

(7) The chairperson of the audit committee shall send or cause to be sent—

- (a) all notices of audit committee meetings; and
- (b) all minutes of audit committee meetings; to the Accountant-General, Auditor-General, internal auditors and external auditors where appropriate.”.

32 Amendment of section 90 of Cap. 22:19

Section 90 of the principal Act is amended by the repeal of subsection (5) and the substitution of—

“(5) Where in relation to money notified in terms of subsection (3) no claim is made or a claim is dismissed, any such money shall become public money and be paid into the Exchequer Account, and no person shall have any right of action against the Treasury or the State in relation to the money.”.

33 New sections inserted in Cap. 22:19

The principal Act is amended by the insertion after section 90 of the following sections—

90A Retention moneys

Any money payable by the State under a contract which is withheld to ensure due performance of that contract may, if the Treasury so authorises, be charged to the appropriation account relating to that contract and the money so charged shall be credited to a suspense account and may thereafter be paid out in accordance with the contract or as directed by the Treasury.

90B Recovery of debts due to State

(1) Through the Accountant General or an accounting officer, a debt due to the State may be—

- (a) sued for and recovered by action in any court of competent jurisdiction at the suit of the responsible Minister;
- (b) subject to subsection (2), set off against any amount due by the State to the person by whom that debt is due.

(2) In the case of a set-off in terms of paragraph (b) of subsection (1) against a salary payable to a person who remains in the employment of the State or a pension, the debt may be recovered in full or in monthly instalments at a rate fixed by the Treasury.”.

34 New sections inserted in Cap. 22:19

The principal Act is amended by the insertion of a new section 94 which reads—

94 Financial provisions under Inter-Governmental Framework

(1) In accordance with section 301 of the Constitution, not less than five *per centum* of the national revenues raised in any financial year will be allocated to the local, provincial and metropolitan authorities.

(2) The Consolidated Revenue Fund is hereby appropriated for that purpose.”.

