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PUBLIC ACCOUNTS SECOND SPECIAL REPORT

ON

PARASTATALS

Presented to Parliament on Wednesday, 31st May, 2006

[S.C 6, 2006]

COMMITTEE OF PUBLIC ACCOUNTS SECOND SPECIAL REPORT ON PARASTATALS

1. INTRODUCTION

- 1.1 As part of its ongoing exercise to monitor compliance with laid down procedures in the submission of annual reports by various Parastatals, your Committee resolved to report to Parliament its concern at the non-chalant attitude displayed by some Parastatals in this regard. Such attitude manifest itself in lack of financial accountability and out right failure to comply with existing financial regulations which require the submission of Annual Reports within a specific period as required by section 44 of the Audit and Exchequer Act [*Chapter 22:03*].

Your Committee noted with grave concern that a number of Parastatals had audited accounts during the financial year ended December 31, 2004 and in violation of the Audit and Exchequer Act, the respective Ministers had not tabled the audit reports before Parliament. The Comptroller and Auditor General has provided information that the accounts have been audited although they were not presented in Parliament. It is your Committee's recommendation that the Ministers for all the Parastatals whose annual reports have not been tabled provide a detailed explanation before the house as to why they have not tabled their Annual Reports.

Your Committee also noted that some of the Parastatals did not have signed Accounts because they did not have Boards in place. Some of them had been operating for a long time without Boards e.g. Grain Marketing Board and Agricultural Development Authority. Failure to have a Board Chairman to sign the Accounts just shows how much the operations of Parastatals are compromised by such absence. This also raises serious concerns on the importance attached to corporate governance issues. It is therefore your committee observation that for

parliament to play its oversight role effectively such issues have to be dealt with very decisively once and for all.

- 1.2 This report seeks to highlight the Parastatals that have failed to submit their Annual Reports for tabling and to comply with laid down procedures.

2. Failure to Table Financial Accounts

Your Committee observed that some Parastatals have not tabled their Reports since 1999. For example the Table below illustrates such parastatals.

STATUTORY BODIES

Schedule of annual reports that have been tabled in Parliament (1999-2003)

Sub-contracted audits (Audits Carried out by private firms)

Periods tabled to date

Entity	1999	2000	2001	2002	2003	
Agricultural Development Authority	Not tabled	Not tabled	Not tabled	Not tabled	Not tabled	
Agricultural Bank of ZW	Not tabled	Not tabled	Not tabled	Not tabled	Not tabled	
Air Zimbabwe	Not tabled	Not tabled	Not tabled	Not tabled	Not tabled	
Forestry Commission	<i>Tabled</i>	Not Tabled	Not Tabled	<i>Tabled</i>	Not Tabled	
Grain Marketing Board	Not Tabled	Not Tabled	Not Tabled	Not Tabled	Not Tabled	
National Railways of ZW	Tabled	Not Tabled	Tabled	Tabled P	Not Tabled	

National Museum and Monuments	Not Tabled	Not Tabled	Not Tabled	Not Tabled	Not Tabled	
Tel-One	Not Tabled	Not Tabled	Not Tabled	Not Tabled	Not Tabled	
Net-One	Not Tabled	Not Tabled	Not Tabled	Not Tabled	Not Tabled	
SEDCO	<i>Tabled</i>	<i>Tabled</i>	<i>Tabled</i>	Not Tabled	Not Tabled	
Sports and Recreation Commission	Not Tabled	Not Tabled	Not Tabled	Not Tabled	Not Tabled	
Tobacco Research Board	Not Tabled	Not Tabled	<i>Tabled</i>	Not Tabled	Tabled	
Urban development Corporation	Not Tabled	Not Tabled	Not Tabled	<i>Tabled</i>	Not Tabled	
Zimbabwe Development Bank	<i>Tabled</i>	Not Tabled	Not Tabled	Not Tabled	Not Tabled	
ZESA	<i>Tabled</i>	Not Tabled	Not Tabled	<i>Tabled</i>	Not Tabled	
Zimbabwe Mining Development Corporation	Not Tabled	Not Tabled	Not Tabled	Not Tabled	Not Tabled	
Zimbabwe National Family Planning Council	Not Tabled	Not Tabled	Not Tabled	Not Tabled	Not Tabled	
ZIMPOST	Not Tabled	Not Tabled	Not Tabled	Not Tabled	Not Tabled	

2.1 During the period ending December 31, 2004 the Parastatals contracted out to firms of Chartered Accountants and whose annual reports had not been tabled were as follows:

Parastatal	Financial Year	Signed Account	Account Tabled
1. Agricultural Development Authority	2004	No Account not signed by client	Not tabled
2. Agricultural Bank of Zimbabwe	2004	Yes	Not

			tabled
3. Air Zimbabwe	2004	Yes	Not tabled
4. Forestry Commission	2004	Yes	Not tabled
5. Grain Marketing Board	2004	No Account not signed by client	Not tabled
6. National Railways of Zimbabwe	2004	Yes	Not tabled
7. National Museum & Monuments	2004	Yes	Not tabled
8. Tel-One	2004	Yes	Not tabled
9. Net-One	2004	Yes	Not tabled
10. SEDCO	2004	Yes	Not tabled
11. Sports & Recreation Commission	2004	Yes	Not tabled
12. Tobacco Research Board	2004	Yes	Not tabled
13. Urban Development Corporation	2004	Yes	Not tabled
14. Zimbabwe Development Bank	2004	Yes	Not tabled
15. ZESA	2004	Yes	Not tabled
16. Zimbabwe Mining Development Corporation	2004	Yes	Not tabled
17. Zimbabwe National Family Planning Council	2004	Yes	Not tabled
18. Deposit Protection Board	2004	Yes	Not tabled
19. ZIMPOST	2004	Yes	Not tabled
20. Zimbabwe National Water Authority	2004	Yes	Not tabled

3. Non-Compliance with Regulations

3.1 It was also observed by your Committee that some Parastatals whose

Accounts were audited and signed in 2004 had no plausible reasons as to why they were not yet tabled.

4 Conclusion

- 4.1 Your Committee is seriously concerned about the carefree attitude displayed by Parastatals and their parent Ministries and, therefore, strongly recommends that all errant Heads of Parastatals be penalized for their failure to submit Final Accounts for tabling.
- 4.2 Furthermore your Committee is of the opinion that : -
- a) all Parastatals should have Boards in place so that their operations are not compromised.
 - b) line Ministries have to ensure that their Parastatals comply with laid down procedures and table their Annual Reports as required by section 44 of the Audit and Exchequer Act [Chapter 22:03].
 - c) It should be made mandatory for all Ministries to update Parliament on the status of Annual Reports for their Parastatals every year.
- 4.3 Your committee calls upon Ministries to inform the House forthwith why they have not submitted Annual Reports for tabling so that the Public Accounts Committee (PAC) proceed with their business.