**BILL WATCH 66/2019**

**[5th December 2019]**

The Financial Adjustments Bill, 2019

Investigations by the Auditor-General and Parliament’s Committee on Public Accounts have revealed that Government’s finances have been mismanaged over the past few years on a scale that beggars belief.  As a result the Ministry of Finance published a Financial Adjustments Bill on the 12th November seeking condonation for the unlawful expenditure of amounts listed in the Bill.  The Bill can be found on the Veritas website *[*[*Link*](http://veritaszim.net/node/3788)*]*.

The immense scale of the problem is revealed in the overspent amounts themselves:

* In 2015, the amounts were **US $25 305 741**
* In 2016, they ballooned to **US $1 490 889 787**
* In 2017, they trebled to **US** **$4 562 064 124**
* In 2018, they were **US $3 560 343 130***.  [This was the year in which it was claimed we balanced our budget]*

In all, they come to a staggering **US $9 638 602 782** **[over US $9,6 billion].**  The Government admits it spent all this money without authority.  By comparison, the total budget amount appropriated for 2019 in the Appropriation (2019) Act, 2019, was only US $6 899 837 000.

Veritas has prepared a table, which is attached to this bulletin and can also be found on our website *[*[*link*](http://veritaszim.net/node/3788)*]*, showing the amounts listed in the Bill broken down for each appropriation vote (i.e. for each Ministry, Department and other governmental institution).  From this table one can see that the following Ministries were responsible for most of the overspending or misspending from 2015 to 2018:

* Agriculture, Mechanisation & Irrigation  – US $5 207 206 289
* Finance and Economic Development  – US $781 469 708
* Energy and Power Development – US $538 858 792
* Defence, Security and War Veterans – US $479 688 515
* Labour and Social Services – US $435 693 803
* Mines and Mining Development – US $383 721 534
* Transport and Infrastructural Development – US $335 530 222
* Office of the President and Cabinet – US $223 958 437
* Health and Child Care – US $204 458 066

Constitutional Background to the Bill

Under Chapter 17 of the Constitution, Parliament is responsible for deciding how much money the Government can spend and what the money should be spent on, and for ensuring ‒ so far as Parliament can ‒ that the Government does not misspend the money or spend more than has been allocated to it.

If the Government has misspent or overspent money, section 307 of the Constitution states that:

“… the Minister responsible for finance must introduce a Bill into the National Assembly seeking condonation of the unauthorised expenditure.

“The Bill … must be introduced into the National Assembly without delay and in any event no later than sixty days after the extent of the unauthorised expenditure has been established.”

The Contents of the Bill

The Bill does not attempt to explain how or why the amounts it lists were overspent or misspent.  Its terse memorandum sets out the provisions of section 307 of the Constitution and states that condonation is sought for expenditure totalling US $25 305 741 in 2015, US $1 530 890 050 in 2016, US 4 562 064 123 in 2017, and US $3 560 343 130 in 2018.  *[The amounts for 2016 and 2017 are wrong in fact, as can be seen if one compares them with the true figures listed in the previous section of this bulletin  – also see the attached table]*.

The operative clauses of the Bill then go on to list, for each of the years 2015 to 2018, the amounts of unauthorised expenditure incurred by the individual Ministries, Departments and governmental institutions.  The clauses do not indicate whether the amounts represent overspending or spending for improper purposes, and they do not indicate what the amounts were spent on.  Presumably that will be explained by the Minister of Finance and the responsible Ministers when the Bill is debated in the National Assembly.

Criticism of the Bill

The Bill is open to criticism on several counts:

* It is carelessly put together.  As already noted, the memorandum summarises the annual amounts for which condonation is sought, and gets them wrong.  As if that were not enough, clause 4 of the Bill contains two paragraphs ((v) and (z)) which are duplicates, in that they seek condonation for the spending of the same amount by the same Ministry over the same period.  Such carelessness speaks volumes about the competence and diligence of the Government’s accounting staff;  it also casts doubt on the accuracy of the rest of the Bill.
* The Bill does not explain how all this unauthorised expenditure occurred.  In the interest of public transparency and accountability this should have been done.  Even a brief explanation would have been helpful in preparing Members of Parliament for the debate on the Bill.
* The Bill has not yet been presented in the National Assembly, and the 60-day deadline for its presentation, mandated by section 307 of the Constitution, has been missed.  It must be remembered that the Bill is seeking condonation for unauthorised expenditure that occurred between 2015 and 2018.  No one can be expected to believe that the misspending of such enormous sums of money was not noticed until recently, and that the amounts have only been calculated within the last 60 days.  The Public Accounts Committee of Parliament was told about some of the amounts months ago.  Why has the Government left it until now to seek condonation?

What Went Wrong?

Criticisms of the Bill are reduced to mere quibbles when compared with the real question to be asked:  How on earth did the Government’s public accounting systems allow misspending to occur on such a scale?  That is the question to which Members of Parliament must find an answer, so that measures can be taken to ensure it never happens again.

It is doubtful however if Parliament in its currently polarised state will be willing to go fully into that question.  Perhaps the best way to set about the task would be to establish a commission of inquiry with commissioners drawn from the main accounting firms in Zimbabwe and the Auditor-General’s office, tasked with finding answers to the following questions:

* How did the misspending occur?
* What deficiencies in our public financial management systems allowed it to occur?
* What can be done to remedy those deficiencies?
* Can any of the misspent money be recovered?

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