

Public Finance Management (General) Regulations, 2019

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IT is hereby notified that the Minister of Finance has made the following regulations pursuant to sections 88 and 92 of the Public Finance Management Act [*Chapter 22:19*]:—

PART I

PRELIMINARY

*Title*

1. These regulations may be cited as the Public Finance Management (General) Regulations, 2019.

*Commencement*

2. On commencement these regulations shall supersede all regulations and instructions that are inconsistent with these regulations.

*Purpose*

3. These regulations set out the principles and provisions governing public financial management in Zimbabwe to support the Act, including—

- (a) principles and procedures for sustainable fiscal policy and public financial management;
- (b) roles and responsibilities of entities and public officers;
- (c) requirements for the formulation, adoption and execution of Annual Budgets and related plans; and
- (d) accounting, reporting, internal controls, monitoring and auditing requirements.

*Application*

4. (1) These Regulations shall apply to all entities that the Act applies to unless otherwise specified in these regulations.

(2) Pursuant to section 39 of the Act, these regulations hereby specify every local authority to be a Public Entity for the purposes of the Act including the application of Part V of the Act and for the purposes of all regulations issued under the Act.

(3) To the extent that a provision of these regulations applies to Parliament, any controlling and supervisory functions of the

Ministry of Finance in terms of that provision shall be performed by the Speaker of the House of Assembly.

*Interpretation*

5. In these regulations, unless the context otherwise requires—

“Act” means the Public Finance Management Act [*Chapter 22:19*] of 2010;

“accounting authority” means the accounting authorities referred to in section 41 of the Act and references to accounting officer in these regulations also means the accounting authority where this is appropriate in the context of the use of the term;

“accounting officer” means the Accounting Officers referred in section 10 of the Act, the Town Clerk or Secretary of a local authority;

“Appropriate Minister” has the same meaning as in the Act;

“appropriation” means an authorisation made by law in an Appropriation Act permitting payment out of the Consolidated Revenue Fund under specified conditions or for specified purposes;

“Budget strategy paper” means the budget strategy paper prepared by the Minister in terms of section 9;

“central government” in relation to public means the entities defined in the International Monetary Fund Government Finance Statistics Manual 2001 and documents that update or replace it;

“chief executive officer” means the public officer responsible for the management of the entity and shall include a permanent secretary, managing director, executive head of a Constitutional Entity and other chief executive positions;

“commitment” means entering into a contract or other binding arrangement which creates future expenses and/or liabilities;

“Consolidated Revenue Fund” or CRF means the Consolidated Revenue Fund referred to in section 302 of the Constitution;

“constitutional entity” means a constitutional entity as defined in the Act;

“director of finance” means a person responsible for the financial affairs of a ministry, constitutional entity or public entity who is directly accountable to the Accounting Officer of that Ministry, constitutional entity or public entity;

“executive authority”—

- (a) in relation to a ministry, means the minister who is accountable to Parliament for that ministry;
- (b) in relation to a Public Entity, means the minister who is accountable to Parliament for that Public Entity or under whose portfolio it falls; and
- (c) in relation to a constitutional entity consisting of a body of persons, means the chairperson of the Constitutional Entity, and in relation to a constitutional entity with a single office bearer, means the incumbent of that office;

“exchequer account” means any account established with the Reserve Bank in terms of section 22 of the Public Finance Management Act [*Chapter 22:19*];

“financial statements” means—

- (a) a statement of financial position;
- (b) a statement of comprehensive income;
- (c) a statement of cash flow;
- (d) notes including disclosures; and
- (e) any other statements that may be prescribed by the Accounting General in instructions issued under the Act;

prepared in accordance with generally accepted accounting practice;

“general government” means the entities defined in the International Monetary Fund Government Finance Statistics Manual 2001 and documents that update or replace it;

- “generally accepted accounting practice” means practices and procedures that are consistent with international accounting standards recognised by the Zimbabwe Accounting Practices Board as appropriate for reporting financial information relating to a Ministry, reporting unit, constitutional entity, or public entity;
- “government” means the President, Vice President and Ministers and depending on the context may include all public officers, all ministries and all public entities;
- “impairment” means to make or cause to become worse, diminish in ability, value, excellence etc;
- “imprest” means a sum of cash advanced to a Public Officer to meet petty payments for purchase of small value goods or services required in the day to day operations of a Ministry, Public Entity or Constitutional Entity;
- “instructions” means rules, manuals, directives, decrees, instructions or notifications;
- “investment” means investment as defined by generally accepted accounting practice;
- “liability” means a liability measured in accordance with generally accepted accounting practice;
- “local authorities” as a class means local authorities as defined in the Act; a local authority is any one of the members of the class;
- “medium term” means three years and can extend to five years;
- “Minister of Finance” means any minister to whom the President may from time to time assign the administration of the Act;
- “outputs” means goods produced or services provided;
- “Paymaster General Account” means the account established with Reserve Bank in terms of section 22 of the Public Finance Management Act [*Chapter 22:19*];
- “public debt” means amounts owing under loans raised according to the Public Debt Management Act and includes the arrears of all ministries and public entities,

in relation to payments that are overdue and not made by the due date;

“public entities” has the same meaning as in the Act; a Public Entity is one of these entities;

“public money” means —

- (a) revenues; and
- (b) all other money received and held whether temporarily or otherwise, by an officer in his official capacity;

“public officer” means any person —

- (a) in or under the employment of the State or a designated corporate body under the Act; or
- (b) whose salary is paid from a fund required to be audited by the Auditor-General;

“public resources” means all public money and State property;

“public sector” means the entities defined in the International Monetary Fund Government Finance Statistics Manual 2001 and documents that update or replace it;

“quarter” means a period of three months ending on the 31st March, 30th June, 30th September or 31st December in any financial year;

“receiver of revenue” means receiver of revenue as defined in the Act;

“revenues” means all taxes, fees and other income of the State from whatever source (not being moneys which are required by the law to be paid into a separate fund) including the proceeds of all loans raised by the State which in terms of section 302 of the Constitution form part of the Consolidated Revenue Fund;

“State owned enterprises” means Public Entities which are either incorporated under any Act, or partnerships, trusts, unincorporated joint ventures or similar arrangements that are for profit entities in which the State has a controlling interest and which sell goods and services in the market for economically significant prices, a state owned enterprise is any one of these entities;



“statutory fund” means any fund established by or under any enactment not including—

- (a) a fund established under section 18 of the Act; or
- (b) a fund established by or for the purposes of a Public Entity which does not contain public money;

“statutory expenditure” means expenditure charged directly to the Government account by an Act of the Parliament;

“strategic” means significant in terms of size, impact or relationship to Government priorities;

“strategic objectives” means the high level changes intended to be achieved;

“sub vote” means the second level of specification in the Annual Budget before the Vote level;

“supplementary budget” means a budget the purpose of which is to alter or add to the authorities already granted by an Annual Budget and Appropriation Act;

“Treasury” means the Treasury function in the Ministry of Finance;

“vote” means the highest level of specification in the Annual Budget and is the main unit of appropriation in the Appropriation Act.

## PART II

### ROLES, RESPONSIBILITIES AND POWERS

#### *Additional responsibilities of the Minister of Finance*

6. In addition to the roles, responsibilities and powers in the Act, the Minister of Finance shall be responsible for—

- (a) acting as the Government’s budgeting adviser and managing the relations between the Cabinet, Parliament, Ministries and Public Entities during the process to formulate the Budget Strategy Paper and the Annual Budget;
- (b) implementing the budget process including preparing the Budget Strategy Paper and Annual Budget;

- (c) coordinating the implementation of these regulations across Ministries, Public Entities and sectors;
- (e) contributing economic and financial advice to planning and budgeting processes;
- (f) promoting the Government's budget and fiscal policies;
- (g) promoting and enforcing transparency and effective management in respect of revenue, expenditure, assets and liabilities of Government entities;
- (h) promoting the achievement of value for money;
- (i) setting guidelines for public financial management systems and monitoring the performance of such systems, including internal audit;
- (j) authorising Ministries, Public Entities and Constitutional Entities to incur expenditure commitments up to specified levels;
- (k) mobilising resources including assistance from development partners and integrating these funds into the planning, budgeting, reporting and accountability processes prescribed by the Act and these regulations;
- (l) managing the Consolidated Revenue Fund accounts;
- (m) providing the accounting functions for the accounting of the whole of Government position and leadership for the accounting function throughout Government;
- (n) providing oversight of the ownership interests in the State Owned Enterprises;
- (o) monitoring the financial and related performance of Ministries and Public Entities and the financial performance of Constitutional Entities;
- (p) ensuring that at a operational level the financial system of the Government is reliable and produces timely, comprehensive and accurate information;
- (q) implementing and maintaining Government financial reporting;
- (r) coordinating responses from Ministries, Constitutional Entities and Public Entities to audit and other issue that are provided to Parliament;

- (s) producing financial reports and performance reports for the Government as a whole;
- (t) managing cash for the Government;
- (u) recording and monitoring financial and non financial assets of the Government including but not limited to interests in private sector entities;
- (v) through the Debt Management Office managing debt and other liabilities;
- (w) signing the annual accounts and attesting that they provide a true and fair view; and
- (x) other responsibilities assigned by law.

*Delegation requirements*

7. (1) Every Minister or other Executive Authority shall ensure that each delegation of power to a Chief Executive Officer is—

- (a) made in accordance with the Act and these regulations or other lawful authority;
- (b) made in writing; and
- (c) specifies the nature of the power delegated, the position of the person to whom power is delegated, the name of the individual to whom power is delegated, and the financial limit of the delegation.

(2) A delegation by a Minister or other Executive Authority of a power shall not absolve the Minister or other Executive Authority of the exercise of the power.

(3) Every Chief Executive Officer of a Ministry, Public Entity or Constitutional Entity shall ensure that each delegation of power he makes to a subordinate is—

- (a) made in accordance with the Act and these regulations or other lawful Authority;
- (b) made in writing; and
- (c) specifies the nature of the power delegated, the position of the person to whom power is delegated, the name of the individual to whom power is delegated, the effective date of the delegation, and the financial limit of the delegation.

(4) Every Chief Executive Officer of a Ministry, Public Entity or Constitutional Entity shall ensure that each delegation of power is exercised only by the person with the lawful delegation.

(5) Every Chief Executive Officer of a Ministry, Public Entity or Constitutional Entity shall ensure that power delegated to a subordinate officer shall not be delegated further by the subordinate official unless—

- (a) such delegation is made under lawful authority; and
- (b) written approval for the delegation is obtained from the original authority.

(6) A delegation under the Act and these regulations shall be revocable at will and put in writing as soon as practicable by the delegator and no such delegation shall prevent the exercise of any power by a Minister or other Executive Authority or a Chief Executive Officer.

(7) Delegations made under the Act and these regulations shall continue in force until revoked notwithstanding that the Minister or other Executive Authority, or Chief Executive Officer, or subordinate public officer who made the delegation has ceased to hold office and shall continue in effect as if made by the successor in office of that Minister or other Executive Authority, or Chief Executive Officer, or subordinate public officer.

(8) Delegations made under the Act and these regulations shall continue in force until revoked notwithstanding that the Executive Authority of the Constitutional Entity or executive head or subordinate public officer who made the delegations has ceased to hold office and shall continue in effect as if made by the successor in office of that Executive Authority of a Constitutional Entity, executive head or subordinate public officer.

### PART III

#### FISCAL RESPONSIBILITY REQUIREMENTS

##### *Budget strategy paper*

8. (1) The Budget Strategy Paper shall contain a medium-term macroeconomic forecast setting out actual, estimated and projected

values of the following economic variables for no less than the previous two years, the current year and the next three years—

- (a) gross domestic product and its components;
- (b) inflation;
- (c) employment and unemployment;
- (d) exchange rates with major trading partners;
- (e) interest rates;
- (f) money supply;
- (g) mineral prices, outputs, and sales;
- (h) agricultural prices, outputs and sales;
- (i) assumptions underpinning the forecasts;
- (j) a statement of the consistency or differences to forecasts from other sources; and
- (k) information on the longer term macroeconomic forecasts.

(2) The Budget Strategy Paper shall contain medium-term fiscal forecasts setting out actual, estimated and projected values of the following fiscal variables for no less than the previous two years, the current year, and the next three years including—

- (a) revenues by type;
- (b) aggregate expenditures by classifications;
- (c) budget balance for the consolidated budget;
- (d) the level of public debt by external source, internal source and total;
- (e) the accounting principles and methods used in the fiscal framework and key assumptions;
- (f) on which the above numbers are based;
- (g) sensitivity analysts taking account of possible changes in macroeconomic conditions;
- (h) forecasts for the longer term that have been taken into account in formulating the fiscal;
- (i) policies in the Budget Strategy Paper and such forecasts shall take account of the impacts of changes in demographics and other factors; and

- (j) any other information the Minister determines is material to the Budget Strategy Paper.

(3) The Budget Strategy Paper shall contain fiscal policy for revenues, debt, deficit and expenditure for the forthcoming budget year and two subsequent years including—

- (a) a summary table of the measurable fiscal objectives for no less than the previous two years, the current year, and the next three years including—
  - (i) aggregate Government expenditure as a percentage of GDP and in nominal terms;
  - (ii) government expenditure on wages and benefits as a percentage of GDP and in nominal terms;
  - (iii) government revenues as a percentage of GDP and in nominal terms;
  - (iv) budget balance as a percentage of GDP and in nominal terms;
  - (v) total gross Government issued debt as a percentage of GDP and in nominal terms;
  - (vi) government debt as a percentage of GDP and in nominal terms;
  - (vii) local authority debt as a percentage of GDP and in nominal terms; and
  - (viii) government net worth as a percentage of GDP and in nominal terms when net worth can be measured;
- (b) information on fiscal policies for the medium term including—
  - (i) the revenue policy with planned changes to taxes and policies affecting other revenues;
  - (ii) deficit policy including deficit limits required by or implied by the fiscal targets;
  - (iii) debt policy and an analysis of debt sustainability and may include debt ceilings; and
  - (iv) expenditure policy including expenditure priorities linked to ceilings in the medium term expenditure framework section of the Budget Strategy Paper;

- (c) an assessment of the consistency of the planned fiscal policy, aggregates and measurable fiscal objectives with the fiscal responsibility principles and the previous Budget Strategy Paper; and
  - (d) information on reasons for any deviations from the fiscal responsibility principles and fiscal objectives in the previous Budget Strategy paper with a summary of the plans to address any such deviations, and the expected time to achieve this.
- (4) The Budgetary Strategy Paper shall contain a medium-term expenditure framework stating the government's annual and medium-term expenditure intentions including—
- (a) the aggregate expenditure ceiling to be used in the preparation of the Annual Budget which shall include two further outer years;
  - (b) a ceiling on total central Government expenditure in the budget year and the following two outer years;
  - (c) minimum indicative level of total central Government investment in the budget year and the following two years;
  - (d) ceilings for central Government current and investment expenditure by Ministry for the budget year and next two years to be used as the basis for the preparation of the Annual Budget;
  - (e) forecast non-financial performance information at a suitable level of aggregation linked to the budget to show what is planned to be provided and achieved for the proposed expenditure, for strategic changes only; and
  - (f) information on major public investments including priorities and rationale for these and forecast costs for the forthcoming budget year and two outer years related to expenditure ceilings.
- (5) The Budget Strategy Paper shall contain a fiscal risk statement including contingent liabilities, any commitments not included in the fiscal forecasts and all other circumstances which

may have a material effect on the fiscal and economic forecasts and which have not already been incorporated into the fiscal forecasts and such fiscal risks shall be quantified where practicable.

(6) The Budget Strategy Paper shall contain a statement of responsibility signed by the Minister of Finance and the Secretary for Finance attesting to the reliability and completeness of the information in the Budget Strategy Paper and its compliance with the Act and these Regulations.

*Government economic and fiscal update and year end report*

9.(1) The Minister shall produce an Economic and Fiscal Update for half of the financial year being the period ending 30th June each year which shall include—

- (a) updated macroeconomic and fiscal forecasts with sufficient information to show changes from the forecasts in the Budget Strategy Paper;
- (b) information on how any changes in the forecasts or how actual fiscal performance for the half year may affect compliance with the fiscal responsibility principles and achievement of the fiscal objectives in the Budget Strategy Paper; and
- (c) analysis of compliance with fiscal principles and fiscal objectives in the Budget Strategy Paper and information on reasons for any deviations from the fiscal responsibility principles and fiscal objectives, with plans to address any such deviations, and the expected time to achieve this.

(2) The Minister of Finance shall produce a Half Year Budget Situation Analysis Report by 15th August which shall include—

- (a) a summary of performance against the Budget for the half year;
- (b) half year actual figures for revenue, expenditure and financing compared to the revenue, financing and expenditure estimates in the Annual Budget;
- (c) for expenditure this information shall include budget execution for the half year compared to the Annual



- Budget for votes and statutory expenditure with further information on significant deviations; and
- (d) budget pressures and challenges and proposals for addressing these pressures and challenges.
- (3) The Minister of Finance shall produce an Economic and Fiscal Report for the financial year which shall include—
- (a) updated macroeconomic and fiscal forecasts with sufficient information to show changes from the forecasts in the Budget Strategy Paper;
  - (b) summary of budget execution compared to the appropriations and other lawful spending authorities for the financial year;
  - (c) information on how any changes in the forecasts or how actual fiscal performance for the year may affect compliance with the fiscal responsibility principles and the fiscal objectives in the Budget Strategy Paper; and
  - (d) information on reasons for any deviations from the fiscal responsibility principles and fiscal objectives with plans to address any such deviations and the expected time to achieve this.

#### PART IV

##### ANNUAL BUDGET PREPARATION AND APPROVAL

###### *Annual budget process*

11. (1) The Minister shall determine the annual budget process which shall include the following—
- (a) preparation of the the Budget Strategy Paper by the ministry of Finance between April and June;
  - (b) ministries provide inputs to Ministry of Finance for the budget Strategy Paper including providing revised strategic priorities and expenditure intentions by 1st May;
  - (c) Ministry of Finance provides the Budget Strategy Paper to Cabinet no later than 30th June and provides the Budget Strategy Paper to Parliament for information and comment no later than 31st July;

- (d) Cabinet approves the Budget Strategy Paper no later than 15th July;
- (e) Ministry of Finance issues the Budget Call Circular including indicative budget expenditure ceilings for the following year by 31st July;
- (f) Ministry of Finance provides Mid-year Fiscal Review to Cabinet no later than 15th August;
- (g) ministries provide budget submissions to Ministry of Finance by 31st August;
- (h) Ministry of Finance updates the macroeconomic and fiscal information and provides it to Cabinet by 14th September;
- (i) Ministry of Finance completes review of budget submissions by 16th September;
- (j) Ministry of Finance and ministries hold budget discussions between 17th September to 5th October;
- (k) Ministry of Finance provides draft budget estimates to Cabinet by 20th October;
- (l) Cabinet completes consideration of draft budget estimates by 30th October;
- (m) Minister of Finance presents Budget to Parliament on the 1st Thursday of November; and
- (n) budget is debated and approved.

(2) The Minister shall consult with interest groups on fiscal policy including expenditure intentions in the form and manner determined by him or her.

(3) The Minister may adjust the steps and dates set out in subsection 1 and shall advise the affected entities and persons of changes in the steps and dates.

*Annual budget documents*

11. (1) The Annual Budget documents shall consist of the documents specified in this section—

- (a) revenue estimates for the next financial year with information on the current year revenue estimates and the previous year actual;
- (b) financing estimates and finance Bill for the next financial year including —
  - (i) plans for external financing in the form of borrowing and grants;
  - (ii) plans for domestic issuance of Government debt and any other financial liabilities;
  - (iii) plans for issuance of guarantees to public or private entities;
  - (iv) plans for divestment of Government assets;
  - (v) plans for the approval of new public private partnership contracts;
  - (vi) other financing information that the Minister of Finance considers necessary;
  - (vii) plans for the separate General Ledger for penalties incurred in the contract from actual expenditure;
  - (viii) all contracts shall be subject to the Accountant General's warrant in accordance with section 23 of the Public Finance Management Act [*Chapter 22:19*];
  - (ix) cashflow projects covering all expected payment schedules including accessory costs such as delivery and any other financial information that the Minister of Finance considers necessary; and
  - (x) expenditure estimates for the next financial year with information on current year estimates and previous year actual including expenditures for each Ministry and its related bodies, and may have performance information related to such expenditures;
- (c) Appropriation Bill;
- (d) budget speech; and
- (e) annexes including —

- (i) updated macroeconomic and fiscal forecasts and a statement of economic assumptions including significant changes from the assumptions from the Budget Strategy Paper;
- (ii) statement of multi-year commitments;
- (iii) expected levels of donor funding;
- (iv) maximum upper limits for external, internal and total borrowing; for issuing guarantees; for the value of public private partnership contracts; and for incurring other financial liabilities;
- (v) statement of planned tax relief and exemptions;
- (vi) summary of Local Authority budgets;
- (vii) summary of State Owned Enterprise financial positions;
- (viii) a medium term debt management strategy including plans to manage arrears;
- (ix) information on the statutory expenditure for the forthcoming year, estimates for the current year and actual for the previous year;
- (x) a report from the Ministry of Finance specifying the measures taken by the Government to implement the audit recommendations from the previous year;
- (xi) a statement signed by the Minister of Finance and the Secretary for Finance attesting to the reliability and completeness of the information in the Budget documents and conformity with the fiscal responsibility requirements of these Regulations;
- (xii) Annual Corporate Plans and Statements of Intent of entities required by the Act or regulations to provide such Plans; and
- (xiii) such other documents as the Minister of Finance may determine.

(2) The Minister of finance shall publish the Annual Budget documents in this section on the internet on the same day the Annual

Budget documents are presented to Parliament and shall make the documents available to the public in printed form as soon as practicable.

## PART V

### REVENUE AND EXPENDITURE MANAGEMENT

#### *Responsibility for revenue management*

12. The Accounting Officer of a Ministry, Public Entity or Constitutional Entity shall manage revenue efficiently and effectively by developing and implementing appropriate processes that provide for the identification, collection, recording, reconciliation and safeguarding of revenue and information about revenue.

#### *Authority to levy fees and charges*

13. (1) A Ministry, Public Entity, or Constitutional Entity that imposes fees and charges shall ensure that such fees and charges comply with the following requirements—

- (a) the fee or charge shall be set at a level no higher than the cost of the most efficient method of providing the service. Accounting Officers shall issue accounting instructions to be reviewed after every five years to be copied to the Accountant General and Auditor General. Any changes to the Accounting Officers' Instructions shall be communicated to the Accountant General for approval;
- (b) the fee or charge shall reflect the value of the service to the person paying for it and not a wider group of beneficiaries who should contribute to the costs of the service through specific or general taxes;
- (c) affected parties are adequately consulted and provided with an opportunity to be heard on the imposition of new fees or charges or significant increases to fees or charges; and
- (d) annual review of all non-tax revenue (fees) shall be carried out by the recovery approved by Treasury through statutory instrument.

(2) The Ministry of Finance may require a Ministry, Public Entity or Constitutional Entity to explain any fee or charge including how it complies with these requirements.

(3) The Ministry of Finance may require a Ministry, Public Entity or constitutional Entity to annul or adjust any fee or charge that does not comply with the requirements.

(4) The Accounting Officer of a Ministry, Public Entity or Constitutional Entity shall review at least annually the fees and charges, including the scales or tariffs of fees and charges that are not or cannot be fixed by any law and that relate to revenue accruing to the Consolidated Revenue fund or the Ministry, Public Entity, or Constitutional Entity.

(5) The Accounting Officer shall obtain approval from the Ministry of finance for proposed changes to the fees and charges including the scales or tariffs of fees and charges, and shall include approved changes in the revenue information in the annual budget submission.

(6) The Ministry of Finance shall respond to any request for approval sought in terms of (2) above within 30 days from the date of receipt thereof. Each Accounting Officer shall disclose information on the fees and charges including the scales or tariffs of fees and charges in the notes to the annual report of the Ministry, Public Entity or constitutional Entity, including information on any exemptions, free services and any other aspect of material influence on the revenue yield. Where goods and services and any other aspect of material influence on the revenue yield. Where goods and services are offered free of charge to the public, such services to the public shall, for transparency purposes, be disclosed indicating where the service is coming from. All such transparency purposes, be disclosed indicating where the service is coming from. All such services shall be gazetted and submitted to the Treasury.

*Responsibilities of receivers of revenues*

14. (1) Every Accounting Officer shall ensure that there are procedures and practices in place, consistent with guidelines provided by the Ministry of finance and adapted for the entity to collect, receive, hold, issue, control bank and account for public money and shall

ensure that there are appropriate independent systems of internal check and control in respect of all public moneys for which they are responsible.

(2) Every receiver of revenue shall be responsible for the proper collection, receipt, custody, issue and control of such public money and shall ensure that full and proper accounts are kept of all transactions related to public money.

(3) Every Accounting Officer and all receivers of revenue shall submit estimates and reports on revenue to the Minister by such date and in such form as the Ministry of finance may require.

*Accounting officer responsibilities for expenditure management*

15.(1) Every Accounting Officer of a Public Entity, Ministry and Constitutional Entity shall ensure that internal procedures and internal control measures, conforming with the standards and guidelines provided by the Ministry of Finance, are in place for payment approval and processing.

(2) The internal controls shall—

- (a) provide for segregation of responsibilities for purchase or appointment, payment approval, and accounting;
- (b) provide reasonable assurance that all expenditure is necessary and appropriate;
- (c) ensure that payments are effected promptly and any discounts for prompt payment are obtained;
- (d) ensure that as far as practicable, expenditures are spread evenly through the year;
- (e) ensure that all expenditure is within the available budget; and
- (f) ensure that payments are recorded and reported in accordance with the Act and these regulations.

*Approval of expenditure*

16.(1) A public officer may not spend or commit public money except with the approval of the Accounting Officer or an officially delegated or authorised officer which shall include a Director of

Finance unless the Accounting Officer removes this authority by notice in writing to the Director of Finance.

(2) Before approving expenditure or incurring a commitment to spend, the delegated or authorised official shall ensure compliance with any limitations or conditions attached to the delegation or authorisation.

*Expenditure commitment*

17. (1) The Minister shall prescribe requirements for recording commitments pertaining to—

- (a) payment of wages and salaries;
- (b) purchase of recurrent goods and services;
- (c) purchase of capital goods and services;
- (d) transfers; and
- (e) subsidies.

(2) Public officers shall obtain approval from their Accounting Officer for making commitments against allocated budgets.

(3) Every Accounting Officer shall have procedures in place to ensure that—

- (a) commitments are within the available budget allocation;
- (b) the cash outflows conform to the cash plans provided to the Ministry of Finance;
- (c) procurement procedures in the Procurement Act and Regulations or other applicable framework have been followed; and
- (d) approved commitments are recorded against the appropriate budget allocations.

(4) The approval and recording of commitments shall be treated by the Accounting Officer as obligating the budget allocation of the Public Entity, Ministry or Constitutional Entity and the amount of the budget so obligated shall be used only for paying for transactions related to the approved commitments.



(5) Detailed procedures for recording and processing commitments shall be prescribed in instructions issued by the Minister provided that expenditure commitments by entities that transact through the public financial management system or successor integrated financial management system, shall be done through that system except where a departure has been authorised in writing by the Accountant-General.

*Payment of salaries, wages and allowances*

18. (1) In each Annual Budget process, the Minister with concurrence of the Public Service Commission or other relevant authority shall determine the personnel establishment (level of staffing) of a Ministry and such personnel established shall not be exceeded or varied in the Annual Budget process without the approval of the Public Service Commission or such other relevant authority and the Ministry of Finance.

(2) The Accounting Officer of a Ministry, Public Entity or Constitutional Entity shall ensure that the costs related to the personnel established is aligned to the budgetary allocation of the Public Entity, Ministry or Constitutional Entity and if there are differences then the Accounting Officer shall work with the Ministry of Finance and Public Service Commission or other relevant authority to achieve the alignment of the personnel establishment with the budget allocation.

(3) Each Accounting Officer shall ensure that—

- (a) no public officer shall be paid from budget allocations until the public officer's appointment and scale of pay have been authorised and no public officer shall receive an increment, allowance or increase in salary until such increment, allowance or increase in salary has been authorised according to regulations issued by the Public Service Commission or other relevant authority;
- (b) for entities that are required to use the Salary Service Bureau, the payment of salaries and wages shall be made in accordance with pay sheets compiled by the Salary Service Bureau and endorsed by the Director of Finance of the relevant Ministry or other entity and such pay sheets shall show allowances and details of all deductions;

- (c) no deductions from the gross salaries, wages and allowances shall be made except for such purposes and under such conditions as approved by the Ministry of Finance; and
- (d) invoices for payment of salaries and allowances shall be processed through the Ministry of Finance and payments made electronically to the designated bank accounts of Ministries or other entities.

(4) The Minister shall ensure that the deductions made from the salaries are paid over to the recipients expeditiously.

(5) The Minister shall issue detailed instructions regarding the calculation, payment dates, recording of and accounting for salaries, wages and allowances.

*Goods and services*

19.(1) A public officer dealing with payments shall ensure that—

- (a) no payment is made before it is due and no expenditure on supplies or services shall be incurred in advance of the time when such supplies or services would normally be obtained, whether for the purpose of utilising an expected saving or for any other reason, without the prior written approval of the Ministry of Finance;
- (b) that deviations in cash flows resulting from delays in the procurement of goods and services shall be reflected in the in-year cash flow projections provided to the Ministry of Finance as soon as such deviations are foreseen;
- (c) when dealing with payments or receipts for supplies or services to or by Government respectively, the mode of settlement is in the form of acceptable currency and no transactions shall be settled in kind.

(2)—

- (a) Receipts considered to include currency, coins, electronic funds transfers, cheques, bank drafts, money orders and any other method of receiving funds that is authorised by Treasury.

- (b) Electronic funds transfers include the following—
  - (i) real time gross settlement (RTGS);
  - (ii) online bank transfer at point of sale;
  - (iii) use of payment card at point of sale (swipe cards (debit card or credit card)); and
  - (iv) mobile based payment at point of sale.

(3) Receivers of Revenue shall ensure that—

- (a) revenues are received as cash and electronic funds transfers;
- (b) the electronic funds transfer methods chosen are secure, safe and obtained from reputable sources:

Provided that where mobile based payment systems are used, these should be supported by any authorised commercial bank and under no circumstances shall an individual’s mobile account be used to receive funds on behalf of Government;

- (c) the brand and type of electronic payment cards that are acceptable are those determined by Treasury from time to time.

(6) Receipts relating to point of sale swipe machines and mobile based transfers shall only be issued once the transaction has been successfully completed. Where practicable an officer accepting an electronic based payment, shall recover any commission or bank charges in respect of that payment. Bank charges which are not recovered in this manner shall be charged against the Vote of the Ministry or Department receiving the payment.

(7) Receivers of revenue shall exercise discretion in regard to the acceptance of cheques, provided that where personal cheques are involved, they shall be bank certified. Cheques, money orders, or other negotiable instruments for the account of Government shall be crossed “not negotiable” as soon as they are received. This instruction shall not apply to those instruments which are received for subsequent encashment. Where a cheque for the account of Government is drawn in favour of a payee other than the Exchequer Account, the payee shall endorse the cheque by writing at the back of the cheque “Pay to the Order of the Exchequer Account” and appending their signature.

*Transfers and subsidies*

20. (1) An Accounting Officer shall maintain appropriate measures to ensure that transfers and subsidies to entities are applied for their intended purposes where such purposes are specified and such measures may include—

- (a) regular reporting procedures;
- (b) internal and external audit requirements and submission of audited statements;
- (c) regular monitoring procedures;
- (d) scheduled or unscheduled inspection visits or reviews of performance; and
- (e) other control measures an Accounting Officer considers necessary.

(2) An Accounting Officer of a ministry may, after consultation with Ministry of Finance, and subject to the terms and conditions applying to the transfer or subsidy, withhold or reduce the transfer or subsidy to an entity if he or she is satisfied that—

- (a) financial assistance is no longer required;
- (b) the agreed goods or services have not been delivered or the performance has not been attained; or
- (d) the transfer and subsidy does not provide value for money in relation to its purpose.

*Imprest*

21. (1) A Public Entity, Ministry or Constitutional Entity may open an imprest account after obtaining approval from the Ministry of Finance or other relevant authority.

(2) The Ministry of Finance or other relevant authority shall issue instructions to prescribe the criteria and procedures for administering imprest accounts.

*Arrears in payments*

22. (1) The Minister shall prescribe requirements for recognising arrears in payments including—

- (a) payment of wages and salaries;
- (b) purchase of recurrent goods and services;
- (c) purchase of capital goods and services;
- (d) transfers; and
- (e) subsidies.

(2) A public officer dealing with payments in a Public Entity, Ministry of Constitutional Entity shall ensure that all the invoices received from suppliers and all payments pertaining to other government liabilities which become due, are recorded in accordance with Ministry of Finance instructions and payment arrears, if any, shall be periodically reported to the Ministry of Finance in accordance with such instructions.

*Charging of expenditure against a particular vote or sub-division of a vote*

23. Should a dispute arise over which vote or sub vote should be charged with any particular expenditure, the Ministry of Finance shall settle the dispute and determine the vote or sub vote against which the expenditure shall be charged.

*Disallowance, recovery and adjustment of payments*

24. (1) Amounts charged to a vote that are recovered in the financial year in which payments were made, shall on or before the closing of books of that financial year, be allocated to the expenditure line item that was originally debited.

(2) Such amounts which are recovered after the closing of books of a financial year shall be receipted and paid to the appropriate revenue item, provided that such amounts have not been allocated to a suspense account during the financial year in which payment was made.

*Unauthorised, irregular, fruitless and wasteful expenditure*

25. (1) The Accounting Officer of a Ministry, Public Entity, or Constitutional Entity shall exercise all reasonable case to prevent and detect unauthorised, irregular, fruitless and wasteful expenditure, and shall implement effective, efficient and transparent processes of financial and risk management.

(2) If a public officer of a Ministry, Public Entity, or Constitutional Entity discovers unauthorised, irregular and wasteful expenditure, that public officer shall immediately report such expenditure to the Accounting Officer.

(3) If such Irregular or fruitless and wasteful expenditure has occurred in a Ministry, such expenditure shall also be included in the monthly report as required by section 34(1) of the Act.

(4) Irregular expenditure incurred by a Ministry, Public Entity or Constitutional Entity in contravention of procurement procedures shall be brought to the notice of the relevant procurement authority.

(5) The recovery of losses or damages resulting from unauthorised, irregular or fruitless and wasteful expenditure shall be dealt with in accordance with section 57 of the regulations.

(6) Particulars of the unauthorised, irregular, and wasteful expenditure shall be disclosed as a note to the annual financial statements of the Ministry, Public Entity, or Constitutional Entity as required by section 32(3)(c) and 49(2) of the Act.

*Gifts, donations and sponsorships*

26. (1) A Public Officer, Ministry, Public Entity, Constitutional Entity and Public Office holder shall comply with these regulations and the Ministry of Finance instructions (if any) on gifts and donations, Gifts and donations must be valued by a Committee. Treasury shall issue instructions to guide the values (thresholds) from time to time of the gifts and donations.

(2) A Public Officer, Ministry, Public Entity, Constitutional Entity, or a person in Public Office shall not apply any gift, donation or sponsorship to personal use and a breach of this requirement shall be treated as an offence under section 91 of the Act.

(3) A Public Officer, Ministry, Public Entity, Constitutional Entity, or a person in Public Office shall notify the the appropriate Minister and the Minister of Finance of any offer of a gift, donation or sponsorship and shall deal with the gift, donation or sponsorship as directed by the Ministry of Finance.

(4) If a Public Officer, Ministry, Public Entity, Constitutional Entity, or a person in Public Office has not had the opportunity to notify the appropriate Ministry or the Ministry of Finance then the Public Officer or a Public Entity, Constitutional Entity or Ministry or a person in Public Office shall arrange for the safe custody of the gift or donation including banking cash into a government account and shall notify the appropriate Ministry and the Ministry of Finance of any offer of a gift, donation or sponsorship and shall deal with the gift, donation or sponsorships as directed by the Ministry of Finance.

(5) Each Ministry, Public Entity, Constitutional Entity shall include information on all gifts, donations and sponsorships received during the financial year in the notes to the annual financial statements.

## PART VI

### CASH MANAGEMENT AND BANKING

#### *Cash management and banking*

27. (1) The Minister of Finance shall set requirements for cash management and banking in instructions and shall ensure that the cash management and banking arrangements for the government are efficient, effective and support probity and the lawful use of public money.

(2) Every Ministry, Public Entity, and Constitutional Entity shall implement efficient and effective cash management procedures that result in—

- (a) collecting revenue when it is due and banking it promptly;
- (b) making payments, including transfers and subsidies, no earlier than necessary, with due regard for efficient, effective and economical service delivery, and the normal terms for payments;
- (c) ensuring that discounts for early payment are reflected in the monthly cash flow estimates;
- (d) pursuing debtors with appropriate sensitivity and rigour;
- (e) accurately forecasting cash flow requirements; and
- (f) recognising the time value of money.

*Banking arrangements*

28. (1) The Ministry of Finance, all Ministries, Public Entities and Constitutional Entities shall ensure that the Consolidated Revenue Fund shall include all cash balances of the Central Government.

(2) The Minister shall prescribe the arrangements for the custody and banking of Central Government cash balances.

(3) The Minister shall ensure that banking arrangements provide for the remittance of deposited public money to the Consolidated Revenue Fund account within 24 hours using the electronic clearing facilities of the banking system and when electronic clearing facilities are not available, remittances shall be made at least once a week.

(4) Ministries, Public Entities and Constitutional Entities shall not open bank accounts without the written approval of the Minister or other competent authority.

(5) No Accounting Officer shall operate a bank account for a Ministry, Public Entity or Constitutional Entity that has an overdraft facility without the written approval of the Ministry of Finance.

(6) All Public Officers who collect public money shall deposit such revenue and public money in bank accounts designated by the Ministry of finance or other competent authority.

(7) Public Officers shall make all payments electronically unless otherwise approved by the Ministry of Finance or other competent authority.

(8) The Ministry of Finance shall be responsible for reconciling the inflows and outflows of cash in the Consolidated Revenue Fund with the remittance and payment transactions recorded in the Ministry of Finance ledgers.

(9) Ministries, Public Entities and Constitutional Entities shall assign responsibility to a public officer in the entity for reconciling remittance and payment transactions in the ledgers with the accounting records of the Ministry of Finance for the Consolidated Revenue fund.



*Management of the cash flows pertaining to the Consolidated Revenue Fund*

29. (1) The Ministry of Finance shall be responsible for the effective and efficient management of the Consolidated Revenue Fund and shall—

- (a) ensure that the Fund has sufficient resources to meet appropriated expenditure and direct charges;
- (b) ensure immediate remittance of government revenues into the Fund;
- (c) make payments from the Fund, including transfers and subsidies, no earlier than necessary; and
- (d) prescribe and implement efficient and effective cash management procedures which optimise government debt and optimise returns from any idle cash balances held in the Fund.

*Cash planning*

30. (1) For purposes of section 162 of the Act, the Zimbabwe Revenue Authority shall implement measures to ensure that all taxes, levies, duties, fees and other money due to and collected by it are accounted for and deposited daily into the relevant accounts.

(2) The Zimbabwe Revenue Authority shall inform the Ministry of Finance weekly of revenue deposits presented by the standard revenue classifications.

(3) Immediately after the budget is approved, the Zimbabwe Revenue Authority shall supply the Ministry of Finance with an annual revenue projection presented by the standard revenue classifications, no later than two weeks before the start of the financial year.

(4) The Zimbabwe Revenue Authority shall supply information about actual collections for the preceding month and an updated monthly revenue projection for the remainder of the year, presented by the standard revenue classification no later than the 15th working day of each month and such information shall include separate line items for actual and projected tax funds.

(5) Immediately after the budget has been approved each Accounting Officer shall submit to the Ministry of Finance an annual cash plan broken down by the standard classification, including anticipated revenue and expenditure for each month of the first quarter of the financial year and for each quarter of the rest of the financial year, in the format prescribed by the Ministry of Finance.

(6) The Accounting Officer shall provide a quarterly breakdown that shall conform to classifications used in the Annual Budget for the annual appropriation.

(7) Each Accounting Officer shall provide an annual cash plan no later than the 15th of December preceding the financial year to which it relates.

(8) Each Accounting Officer shall submit information to the Ministry of Finance about the actual receipts and payments for the preceding month updated monthly revenue and expenditure projection for the subsequent quarter; and updated quarterly revenue and expenditure projection for the rest of the year by the standard revenue classification, no later than the 15th working day of each month.

(9) An Accounting Officer may only access the Consolidated Revenue Fund in accordance with the monthly and quarterly projections that have been approved and recorded by the Ministry of Finance and such approvals may be updated by the Ministry of Finance during the year to reflect changing circumstances.

*Transfer of funds for making payments*

31. (1) To meet in-year cash requirements, Accounting Officers of ministries shall submit requests to the Ministry of Finance for the transfer of appropriated funds to their sub-accounts in the Consolidated Revenue Fund and such requests shall be submitted in accordance with approved cash flow estimates for the period, at least five working days before the end of the preceding period.

(2) Before transferring funds for the use of a Public Entity, Ministry or Constitutional Entity, the Ministry of Finance shall ensure that—

- (a) the requests have been approved by the appropriate officials in the Ministry;
- (b) the amount of the request is in conformity to the cash plan for the period;
- (c) all previous transfers have been expended and reconciled; and
- (d) the transfers are approved by the Cash Management Committee.

(3) Each Accounting Officer shall ensure that payments are effected after the requested funds have been transferred to their bank accounts by the Ministry of Finance and that there are no overdrafts on the bank accounts.

(4) Funds transferred by the Ministry of Finance to meet in year requests for expenditures shall automatically lapse on the last day of the financial year.

*Cash management committee*

32.(2) The Ministry of Finance shall set up a Cash Management Committee headed by the Accountant General and comprising representatives from the Budgets Department, Debt Management Office, the Revenue Department, Zimbabwe Revenue Authority, Reserve Bank of Zimbabwe and major Line Ministries.

(2) The Cash Management Committee shall meet at least once every month to approve the transfer of funds to sub-accounts of Ministries after taking into consideration—

- (a) cash forecasts;
- (b) requirements of monetary policy of the Reserve Bank of Zimbabwe;
- (c) the need for optimising debt;
- (d) the debt issue calendar;
- (e) arrears in payment, if any; and
- (f) other factors relevant for prudent cash management.

(3) Each Accounting Officer shall be responsible for establishing systems, procedures, and processes to ensure the entity has efficient and effective banking and cash management arrangement.

(4) Each Accounting Officer shall ensure that public officers in the entity with cash management and banking responsibilities have sufficient training.

## PART VII

### ASSET MANAGEMENT

#### *Asset management*

33.(1) Every Accounting Officer shall establish asset management procedures and systems which enable the Ministry, Public Entity or Constitutional Entity to meet its service delivery requirements and such procedures and systems shall be designed to—

- (a) maximise the service potential of assets by ensuring that they are appropriately used and maintained;
- (b) reduce the demand for new assets through demand management techniques;
- (c) achieve greater value for money in the acquisition, use and disposal of assets;
- (d) reduce unnecessary acquisition of assets through acquisition management techniques;
- (e) clearly define responsibility, accounting and reporting requirements; and
- (f) support the effective, efficient, economical and transparent use of the institution's assets.

(2) Every Accounting Officer shall ensure that the asset management plans, decisions and activities are integrated with the Government's planning and budgeting processes and that the asset management procedures and systems comply with Ministry of Finance or other relevant authority's instructions.

(3) Every Accounting Officer shall ensure that proper internal controls exist for the custody and use of assets and that—

- (a) assets are acquired in accordance with provisions of the Procurement Act; Procurement Regulations and Ministry of Finance instructions or other applicable framework;

- (b) preventive mechanisms are in place to eliminate theft, losses, wastage and misuse; and
- (c) stock levels are at an optimum and economical level.

*Asset recording, valuation and reporting*

34. (1) The Ministry of Finance or other relevant authority shall prescribe—

- (a) recognition and measurement principles for government assets;
- (b) uniform useful lives for different classes of assets;
- (c) asset valuation principles and schedule for asset valuation;
- (d) criteria for establishing and managing public asset portfolios;
- (e) procedures for the recording, use, disposal and reporting of assets;
- (f) requirements for asset maintenance;
- (g) appropriate information systems for asset management; and
- (h) other matters relating to asset management.

(2) Ministries, Public Entities and Constitutional Entities shall maintain asset registers in accordance with asset classification and recording procedures prescribed by the Ministry of Finance or other relevant authority.

(3) Such asset registers shall record the following information—

- (a) physical features of the assets including assets class, location, quantity, size, useful life and value;
- (b) financial features of the assets including net book value and replacement cost;
- (c) legal features including the identification of asset owners, managers and users;
- (d) economic features including whether the assets are tradable or non-tradable and cost; and
- (e) benefit estimations.

(4) Each Accounting Officer shall submit to the Ministry of Finance such asset management information as the Ministry of Finance may require, in the form and by the time required by the Ministry of Finance.

*Disposal and leasing of State assets*

35. (1) Each Accounting Officer shall comply with Ministry of Finance instructions for the disposal, depreciation, impairment, leasing, lending and other dealings with assets and shall ensure that assets are disposed of, or leased or lent, in a manner that will maximise public benefit and best serve the public interest.

(2) Unless otherwise stated in Ministry of Finance instructions, disposal of a movable asset shall be at a market-related value or by way of price quotations, competitive bids or auction, whichever is most advantageous to the State.

(3) An Accounting Officer shall obtain the approval in writing of the Secretary for Finance to vary from the requirements relating to the disposal and letting of State assets and shall note the approval details in the asset register.

(4) Notwithstanding the provisions of this section, an Accounting Officer may, subject to Ministry of Finance approval, transfer movable assets free of charge to another Ministry, Public Entity, Constitutional Entity and the notes to the Annual Report of the Public Entity, Ministry or Constitutional Entity shall provide a statement of asset transfers and receipts made during the year with the approval of the Ministry of Finance.

(5) An Accounting Officer shall ensure that any sale of immovable State property shall be at market-related value, by way of price quotations, competitive bids or auction, whichever is most advantageous to the State, unless approved otherwise by the Ministry of Finance in consultation with the appropriate line Ministry.

(6) Each Accounting Officer shall ensure that the leasing of immovable State property shall be at a market-related rent, unless approved otherwise by the Minister of Finance in consultation with the appropriate line ministry and the reasons for deviating from prescribed leasing principles and the particulars of the minister of

Finance's approval for the deviation shall be recorded in the relevant asset register.

(7) Each Accounting Officer shall review, at least annually all fees, charges, rates, tariffs or scales of fees or other charges relating to the leasing of State property to ensure compliance with Ministry of Finance instructions and to contribute to sound financial planning and management.

*Compliance of ethical standards*

36. (1) All public officers, public office holders, executive authorities, boards, chief executive officers, officials in Constitutional Entities, and any agents acting for the government in relation to asset management shall comply with the highest ethical standards in order to promote —

- (a) mutual trust and respect between parties to any transactions;
- (b) credibility and respect from the public; and
- (c) an environment where business can be conducted with integrity and in a fair, reasonable and lawful manner.

(2) All persons and entities specified in subsection (1) shall —

- (a) disclose any conflict of interest that may arise;
- (b) treat all suppliers and potential suppliers equitably;
- (c) not use their position for private gain or to improperly benefit another person;
- (d) ensure that they do not compromise the credibility or integrity of the asset management process through the acceptance of gifts or hospitality or any other act;
- (e) be scrupulous in their use of public property; and
- (f) assist Accounting Officers in combating corruption and fraud in asset management.

(3) If any person specified in subsection (1) dealing with government asset management, or any family member, partner or associate of such person, has any private or business interest in any transaction including a contract to be awarded, the person specified in subsection (1) shall —

- (a) disclose that interest; and
- (b) withdraw from participating in any manner whatsoever in the process relating to that transaction or contract.

(4) If any person specified in subsection (1) dealing with government asset management becomes aware of a breach of or failure to comply with any aspect of the asset management requirements in any Act, regulation or Ministry of Finance instructions, they shall immediately report the breach or failure in writing to the Accounting Officer.

*Avoiding abuse of asset management process*

37. (1) The Ministry of Finance shall establish complaint management arrangements to—

- (a) receive, consider and resolve complaints regarding alleged non-compliance with;
- (b) Acts, regulations, instructions or other irregularities regarding assets; and
- (c) take remedial actions if non-compliance with Acts, regulations, instructions or other irregularities have occurred, including recommending cases for prosecution where there is suspected corruption including fraud or other criminal offences.

(2) Where any money, property or rights accrue to the State by operation of law, the Ministry of Finance shall exercise all powers, authority and prerogatives, fulfil any obligation on behalf of the State unless provided for otherwise by an Act or regulation.

*Management of receivables*

38. (1) The Accounting Officer of a Ministry, Public Entity or Constitutional Entity shall take effective and appropriate steps to collect all money due to the Public Entity, Ministry or Constitutional Entity in a timely manner including—

- (a) maintaining proper accounts and records for all debtors;
- (b) actively following up with debtors including issuing demands for payment; and



- (c) referring a debt to the Office of the Attorney-General for consideration for issuing legal proceedings in a court of law.

(2) Unless otherwise determined by law or agreement, debts owing to the government may be recovered by an Accounting Officer or other authorised public official by instalments at the discretion of the Ministry of Finance.

(3) Subject to the provisions of Ministry of Finance instructions, and in the absence of such instructions, the written approval of the Secretary of Finance who shall comply with the requirements of section 11 of the Public Finance Management Act, an Accounting Officer may write off a debt owed to the government if all reasonable steps have been taken to recover the debt and—

- (a) recovery of the debt would be uneconomical; or  
(b) recovery would not be in the public interest.

(4) A Ministry, Public Entity or Constitutional Entity shall report write offs as required by the Ministry of Finance and shall state the debts written off and the authority for each write off in the annual financial statements.

(5) A Ministry, Public Entity or Constitutional Entity shall charge interest on debts to the government at the interest rate determined by the Minister of Finance.

## PART VIII

### LIABILITY MANAGEMENT

#### *Management of losses and claims*

39. (1) The Government may issue against losses arising from the actions of a public officer of a Ministry, Public Entity, Constitutional Entity or a Public Officer carrying out his or her duties.

(2) An Accounting Officer of a Ministry, Public Entity or Constitutional Entity may insure against losses, including but not limited to motor vehicle insurance and movable asset insurance, provided that the insurance and the premium costs comply with Ministry of Finance instructions and in the absence of such instructions, then the written approval of the Secretary for Finance.

(3) An Accounting Officer of a Ministry, Public Entity or Constitutional Entity that suffers a loss caused by another person or entity shall recover such loss in accordance with section 12 of the Act, Ministry of Finance instructions, and in the absence of such instructions, then the written directions of the Secretary for Finance.

(4) A public officer or holder of a public office shall be personally liable for losses caused in the course of their employment if a direct or contributing cause of the loss was—

- (a) fraud or other criminal act or omission;
- (b) serious or gross misuse of powers or actions taken in excess of powers;
- (c) the influence of alcohol or drugs;
- (d) serious or gross failure to perform duties of employment;
- (e) failure to comply with formal instructions which he or she was aware of or should reasonably have been aware of which contributed to the loss or reason for the claim;
- (f) in the case of a loss or claim arising from the use of a government vehicle a public officer shall be personally liable where the loss or claim was a direct or contributing result of the public officer doing any of the following—
  - (i) used a vehicle without authorisation;
  - (ii) drove the vehicle while not possessing a valid driver's licence or other appropriate licence;
  - (iii) drove the vehicle for purposes other than for his or her employment or for purposes not in the interest of the Government;
  - (iv) allowed unauthorised persons to handle the vehicle;  
or
  - (v) deviated materially from the official journey or route without prior authorisation.

(5) The Ministry of Finance or the Office of the Attorney General may only commit funds with regard to any settlement of a claim for a loss by a Ministry, Public Entity or Constitutional Entity with the prior written approval of the Accounting Officer.

(6) A Public Officer who becomes aware of a loss through criminal acts or possible criminal acts shall report in writing such loss to the Accounting Officer of the affected Ministry, Public Entity or Constitutional Entity.

(7) If the Accounting Officer is satisfied that the report referred to in section 94 indicates the possibility of a criminal act, the Accounting Officer shall refer the matter to the Attorney General and may request that the prosecution seeks compensation for the loss as part of the penalty.

(8) The Ministry of Finance may authorise the write off of losses or damages arising from criminal acts if, after investigation, it is found that the loss or damage is irrecoverable and such write off is in accordance with the Act and Ministry of Finance instructions or in the absence of Ministry of Finance instructions, is approved by the Secretary for Finance.

(9) An Accounting Officer shall write off a movable asset in accordance with the Act and Ministry of Finance instructions and shall note the write off in the asset register.

(10) An Accounting Officer may write off a loss that results from unavoidable causes provided that the rite off complies with the Act and Ministry of Finance instructions, and in the absence of such instructions, then the Accounting Officer may write off the loss only with the written approval of the Secretary for Finance.

(11) If a public officer sustains a loss in the execution of official duties and is not compensated, the Accounting Officer may seek Ministry of Finance approval to make good the loss subject to the public officer providing evidence of such loss to satisfy the Ministry of Finance that the loss occurred and the sum claimed is fair.

(12) If in doubt, the Accounting Officer of the Ministry, Public Entity or Constitutional Entity shall consult the office of the Attorney General on questions of law in the implementation of sections 93 to 99.

*Loans, guarantees and other commitments*

40. (1) The Accounting Officer of a Ministry, Public Entity or Constitutional Entity shall ensure that public officers in that Ministry,

Public Entity or Constitutional Entity or other persons under the control of the Accounting Officer do not borrow money on behalf of that Ministry, Public Entity or Constitutional Entity or issue an unauthorised guarantee, security or indemnity or make any other unauthorised commitments.

(2) The Accounting Officer of a Ministry, Public Entity or Constitutional Entity shall ensure that appropriate misconduct or criminal proceedings are instituted against any person responsible for transgressions with regard to borrowings, guarantees, securities or indemnities.

(3) Should the Ministry of Finance or other responsible authority consider that an Accounting Officer is responsible for transgressions with regard to borrowings, guarantees, securities or indemnities, the Ministry of Finance or such other responsible authority shall, as soon as it becomes aware of the transgression, initiate appropriate misconduct or criminal proceedings against the Accounting Officer.

(4) Each Accounting Officer of a Ministry, Public Entity or Constitutional Entity shall report on all known contingent liabilities of the Ministry, Public Entity or Constitutional Entity in its annual report and shall provide information on liabilities including contingent liabilities to the Ministry of Finance in the form required and timing required by the Ministry of Finance.

(5) Each Accounting Officer shall have a risk management plan for fiscal risks including contingent liabilities that is actively monitored by the Accounting Officer.

*Money and property held in trust*

41.(1) For the purposes of this regulation, trust money or property is money or property that does not belong to the Government and that is held by a public officer or Public Entity, Ministry or Constitutional Entity on behalf of other persons or entities in terms of a deed of trust or equivalent instrument that details the specific purposes for which it may be used.

(2) The Accounting Officer, through the Director of Finance or a duly authorised agent, is responsible for the safekeeping and proper

use of trust money and property, in accordance with the relevant deed of trust or equivalent instrument approved by the Ministry of Finance.

(3) The Ministry, Public Entity or Constitutional Entity, or its duly authorised agent, may charge a fee for the administration of a trust account at rates approved by the board of trustees or, in its absence, as agreed with the trustee and such fees are payable from the trust account specified in section 109 of these Regulations.

(4) An Accounting Officer shall, for each trust administered—

- (a) open and maintain a separate bank account, called a trust account;
- (b) assign to the trust account a name or title that clearly identifies the account;
- (c) maintain separate accounting records for each trust account, of the transactions, including investment transactions, undertaken; and
- (d) prepare separate annual financial statements that comply with generally accepted accounting practice.

(5) The Accounting Officer may, provided that it does not conflict with the terms of the trust arrangement, invest any trust money on such terms and conditions as may be appropriate—

- (a) on deposit with any bank within or outside Zimbabwe as approved by the Ministry of Finance;
- (b) in public securities issued by the government; or
- (c) in other securities approved by the Ministry of Finance.

(6) The proceeds of an investment, including interest and realised capital gains, and all money received from the realisation, sale or conversion of securities, shall be treated as money of the trust on whose behalf the money was invested.

## PART IX

### ACCOUNTING AND REPORTING REQUIREMENTS

#### *Budget classification and chart accounts*

42. (1) The Accountant-General shall in consultation with the Auditor-General, prescribe and maintain a uniform Chart of Accounts applicable to Ministries, Public Entities and Constitutional Entities.

(2) The Chart of Accounts shall incorporate standard terms and classifications for fiscal, budget, and performance information of the Government, including information on revenues, expenditures, and a suitable classification for performance information.

(3) The Accountant-General shall prescribe and maintain the account codes for recording government transactions and shall ensure consistency of the account codes with the budget classification and government accounting standards.

(4) The Accountant-General shall ensure that the Chart of Accounts and standards or requirements issued by the Accountant General are compatible with the Government Finance Statistics Manual classifications and updates to such Manual.

(5) Subject to requirement in any Act, when making changes to the Chart of Accounts, the Accountant-General shall consider the proposals of the Budgets Department for the classifications of the budget including changes to classifications for appropriations and where such proposals affect the nature of the appropriations, the Accountant-General and Budgets Department shall advise Cabinet through the Minister.

(6) The Chart of Accounts and budget classification shall be the basis for identifying, aggregating and reporting government transactions to satisfy the Government's information requirements and Accounting Officers of Ministries, Public Entities and Constitutional Entities shall ensure that all transactions are recorded, accounted for and reported in accordance with the prescribed Chart of Accounts.

*Accounting standards*

43. (1) The Accountant-General shall ensure that the accounting standards and policies for Ministries, Public Entities and Constitutional Entities required under the Act are implemented.

(2) The accounting standards for State Owned Enterprises shall be described as required in this Act and other Acts and the Accountant-General and the Ministry responsible for State Enterprises and Parastatals shall work jointly to monitor the implementation of the standards.

(3) The accounting standards and policies for Local Authorities shall be prescribed as required by this Act and other Acts and the Accountant-General and the Ministry responsible for Local Authorities shall work jointly to monitor the implementation of the standards.

*Accounting records*

44. In addition to the general ledger and subsidiary ledgers for recording receipts and payments, Ministries, Public Entities and Constitutional Entities shall also maintain the registers prescribed by the Ministry of Finance and/or other relevant authority to record and monitor payables, receivables, financial assets, non-financial assets, budget appropriations, budget allocations and liabilities including contingent liabilities.

*Use of suspense accounts*

45. (1) The Accounting Officer of each Ministry, Public Entity or Constitutional Entity shall ensure that all the transactions of the entity are supported by authentic and verifiable source documents, clearly indicating the approved accounting allocation.

(2) Should it be necessary in exceptional cases to account for income and expenditure transactions in a suspense account because the classification has not been resolved, the Accounting Officer shall ensure that—

- (a) the sources of the transactions are readily identifiable;
- (b) amounts included in suspense accounts are cleared and correctly allocated to the relevant items of budget classification and chart of accounts on a monthly basis;
- (c) monthly reconciliations are performed to confirm the balance of each account; and
- (d) reports are provided to the Accounting Officer about items not cleared, on a monthly basis.

(3) Each Accounting Officer shall ensure that any expenditure transactions not yet cleared from suspense accounts are adequately covered by the budget provision for the financial year.

*Retention of financial information*

46. (1) Accounting Officers of Ministries, Public Entities and Constitutional Entities shall retain all financial information in its original form as follows—

- (a) information relating to one financial year shall be retained for three years after the audit report for that financial year has been tabled in Parliament; and
- (b) information relating to more than one financial year shall be retained for three years after the date of tabling in Parliament of the audit report for the last of the financial years to which the information relates.

(2) After the expiry of the above retention periods the Accounting Officer may secure information in an alternative form that ensures the integrity and reliability of the data and ensures that the information can be reproduced, if necessary, as admissible evidence in a court of law.

(3) When financial information is required as evidence in proceedings before a court, Parliament, an official inquiry or otherwise, or for purposes of an audit, an Accounting Officer shall ensure such information shall be secured in its original form until no longer required.

*Changes to financial systems*

47. Ministries, Public Entities and Constitutional Entities may not amend existing computerized systems or institute new computerized systems that will affect financial administration without the prior written approval of the Ministry of Finance.

*Reporting procedures*

48. (1) The annual and quarterly reporting arrangements shall be either directly to the Accountant-General or through the controlling ministries where applicable.

(2) The Accountant-General, in consultation with the Auditor-General, may prescribe special reporting formats and consolidation procedures for reporting by Ministries, Public Entities and Constitutional Entities including constitutional entities and statutory funds.



PART X

INTERNAL AUDIT AND INTERNAL CONTROL

*Audit committees*

49. (1) The Ministry of Finance may direct that Ministries or Public Entities or Constitutional Entities share an audit committee if the Ministry of Finance considers this to be feasible and cost effective and where such a determination is made, the ministry of Finance shall inform the Auditor-General.

(2) Where a Ministry, Public Entity or Constitutional Entity has an audit committee that is not shared, the Accounting Officer of Ministry, Public Entity or Constitutional Entity shall appoint audit committee members in consultation with the relevant Executive Authority.

(3) The Ministry of Finance shall appoint audit committee members of any audit committee shared between Ministries or Public Entities or Constitutional Entities after consultation with the relevant Accounting Officers and Executive Authorities.

(4) The entities and public officers involved in appointing the audit committee shall ensure that the person selected to be the chairperson of an audit committee is independent, knowledgeable of the status of the position, has the requisite business, financial and leadership skills and does not hold a political office or position.

(5) A chairperson of an audit committee may only serve in this position if the chairperson remains independent, demonstrates the requisite business, financial and leadership skills and does not hold a political office or position.

(6) Members of an audit committee who have been appointed from outside the public service pursuant to section 84(3)(a)(i) of the Act shall have appropriate experience, be appointed on contract and shall be remunerated according to rates determined by the Ministry of Finance.

(7) A public officer who is a member of an audit committee shall not receive additional remuneration except for sitting, subsistence and other allowances permitted under public service laws, regulations and instructions.

(8) The Ministry of Finance may approve other remuneration for an internal audit committee member provided that—

- (a) the terms of reference for the work are properly defined in terms of work, time and cost; and
- (b) if applicable, the level of remuneration is set taking into account the tariffs set by the professional body that regulates the profession that the non-official member belongs to or the market rates for the profession that the non-official member belongs to.

(9) The remuneration of all members of the Audit Committee shall be disclosed as notes to the financial statements of the Ministry, Public Entity or Constitutional Entity.

(10) An audit committee shall operate in accordance with any instructions from the Ministry of Finance on audit committees.

(11) Each Audit committee shall develop written terms of reference in consultation with the Executive Authority and the Accounting Officer and such terms of reference shall include its membership, authorities and responsibilities and such terms of reference shall be reviewed at least annually.

(12) Each Public Entity and Constitutional Entity shall disclose in the notes to the Annual Report if the audit committee has adopted formal terms of reference and if so, whether the committee has satisfied its responsibilities for the year, in compliance with its terms of reference.

(13) Pursuant to section 84(2) of the Act, the audit committee shall, amongst other responsibilities, review the following—

- (a) the effectiveness of the internal control systems;
- (b) the effectiveness of the internal audit function;
- (c) the risk areas of the operations of the Public Entity, Ministry or Constitutional Entity to be covered in the scope of internal audits;
- (d) the adequacy, reliability and accuracy of the financial information provided to management and other users of such information;

- (e) any accounting and auditing concerns identified as a result of internal and external audits;
- (f) compliance with legal and regulatory provisions; and
- (g) the activities of the internal audit function, including its annual work programme, coordination with the external auditors, the reports of significant investigations and the responses of management to specific recommendations.

(14) Each audit committee shall have authority to investigate matters within its powers, as identified in Ministry of Finance or other relevant authority's instructions and the written terms of reference.

(15) Each Ministry, Public Entity and Constitutional Entity with an audit committee shall provide resources in the Annual Budget for the committee.

(16) The Ministry of Finance shall ensure that resources are included in the Annual Budget for shared audit committees and shall review the proposed budgets of Ministries, Public Entities and Constitutional Entities with regard to the adequacy of budgets for audit committees.

(17) The Accounting Officer of each Ministry, Public Entity or Constitutional Entity shall ensure that the audit committee is provided with access to information, staff and facilities to permit the committee to fulfil its functions.

(18) Each audit committee shall ensure that it complies with any requirements in Acts, regulations or Ministry of Finance instructions to safeguard information supplied to the committee.

(19) Each audit committee shall prepare an annual report on the matters specified in section 129 of these regulations and shall include recommendations to the Accounting Officer.

(20) Each audit committee shall make reports during the year on any of the matters specified in section 129 and make recommendations to the Accounting Officer.

(21) All reports of the audit committee shall be copied to the Ministry of Finance no later than the same day the reports are provided to the Accounting Officer.

(22) The Accounting Officer shall have responsibility for implementing the recommendations of the reports of the audit committee.

(23) If an audit committee receives information, whether from the internal audit function or any other source, that indicates that the Accounting Officer may be involved in alleged fraud, corruption or gross negligence, the chairperson of the audit committee shall promptly report this to the relevant Executive Authority, the Ministry of Finance and the Auditor-General.

(24) An audit committee shall advise of any other concerns it deems necessary to the Executive Authority, the Ministry of Finance and the Auditor-General.

(25) The audit committee shall meet at least annually with the Comptroller and Auditor-General to deliberate on unresolved issues of concern.

*Internal controls and internal audit*

50. (1) The Accounting Officer of a Ministry, Public Entity, and Constitutional Entity shall ensure that a risk assessment is conducted at least annually to identify emerging risks.

(2) A risk management strategy, which shall include a fraud prevention plan, shall be used to set internal audit priorities and to determine any changes to systems, processes, practices and staff skills to improve controls and to manage risks.

(3) The risk management strategy shall be communicated to all officials to ensure that the strategy is incorporated into the work of the Public Entity, Ministry or Constitutional Entity.

(4) Each Ministry, Public Entity and Constitutional Entity shall have an internal audit function unless exempted by the Public Service Commission in concurrence with the Ministry of Finance and in such situation, the Ministry of Finance shall determine arrangements for entities to share internal audit functions and shall promptly inform the Auditor-General of the shared arrangements. The Public Service Commission is the appointing authority.

(5) An internal audit function may be partly or wholly contracted to an external organisation with specialist audit expertise, with the approval of the Ministry of finance or other relevant authority, provided that its selection is in accordance with Government's procurement procedures.

(6) The purpose, authority and responsibility of the internal audit function shall, in consultation with the audit committee, be formally defined in an audit charter and shall be consistent with the Institute of Internal Auditors standards for internal auditing.

(7) Each internal auditor shall conduct his or her work in accordance with the standards, principles and the code of ethics set by the Institute of Internal Auditors.

(8) An internal audit function shall prepare, in consultation with the Accounting Officer, the Executive Authority and the audit committee—

- (a) a rolling three-year strategy internal audit plan based on its assessment of key areas of risk having regard to its current operations, the annual and strategic plans and the risk management strategy;
- (b) an annual internal audit plan for the first year of the rolling three-year strategic internal audit plan;
- (c) plans indicating the proposed scope of each audit in the annual internal audit plan; and
- (d) a quarterly report to the audit committee detailing its performance against the annual internal audit plan to support effective monitoring and appropriate interventions.

(9) The internal audit plan shall be approved by the Audit Committee which shall consider but not be bound by the views of the Accounting Officer and the Executive Authority.

(10) The internal audit function shall report for administrative purposes to the Accounting Officer of the Public Entity, Ministry or Constitutional Entity, and shall functionally report to the audit committee.

(11) The Accounting officer shall ensure that the internal audit function is independent of activities that are audited and shall not assign duties to an internal auditor that conflict with such independence.

(12) The Accounting Officer shall ensure that the internal audit function has no limitation on access to information, staff or facilities required to properly fulfil the internal audit function.

(13) The internal audit function shall co-ordinate with other internal and external providers assurance to ensure proper coverage and to minimise duplication of effort.

(14) The internal audit function shall assist the Accounting Officer to maintain efficient and effective controls by evaluating those controls and recommending improvements to—

- (a) the information systems;
- (b) the reliability and integrity of financial and operational information;
- (c) the effectiveness and transparency of operations;
- (d) safeguarding of assets;
- (e) compliance with laws, regulations and controls; and
- (f) the functioning of other operating systems and practices.

(15) The internal audit function shall assist the Accounting Officer to achieve the performance required from the ministry, Public Entity or Constitutional Entity by making recommendations for the enhancement or improvement of the processes through which—

- (a) performance requirements are set, reported and monitored;
- (b) accountability is ensured; and
- (c) corporate values are set and preserved.

(16) Each Accounting Officer with an internal audit function shall ensure that resources are allocated to facilitate the effective discharge of the internal audit function which shall include requesting adequate funds in the Annual Budget and assigning adequate resources within budgetary constraints to the internal audit function during the year.

(17) Every auditor shall provide substantive responses to any internal or external audit report within 30 working days of submission of such report.

(18) Provided that failure to comply with the above requirement without justifiable cause shall constitute an act of financial misconduct as defined in the Act.

## PART XI

### FINANCIAL MISCONDUCT

#### *Investigation of alleged financial misconduct*

51. (1) Where an official is alleged to have committed financial misconduct, the accounting officer of the institution must ensure that an investigation is conducted into the matter and if confirmed, must ensure that a disciplinary hearing is held in accordance with the applicable statutory and other conditions of appointment or employment.

(2) The accounting officer must ensure that such an investigation is instituted within 30 days from the date of discovery of the alleged financial misconduct.

(3) If an accounting officer is alleged to have committed financial misconduct, the Treasury, as soon as it becomes aware of the alleged misconduct, must ensure that the relevant executive authority initiates an investigation into the matter and if the allegations are confirmed, holds a disciplinary hearing in accordance with the appropriate statutory and other conditions of appointment or employment.

(4) The Treasury may —

- (a) direct that an official other than an employee of the institution conducts the investigation; or
- (b) issue any reasonable requirement regarding the way in which the investigation should be performed.

#### *Criminal proceedings*

52. (1) The accounting officer must advise the executive authority, Treasury and the Auditor-General of any criminal charges laid by the institution against any person in terms of the Act.

(2) The Treasury may direct an institution to lay criminal charges against any person should an accounting officer fail to take appropriate action.

*Reporting*

53. (1) An accounting officer of a ministry must, as soon as the disciplinary proceedings are completed, report to the executive authority and Public Service Commission on the outcome, including—

- (a) the name and rank of the official against whom the proceedings were instituted;
- (b) the charges, indicating the financial misconduct the official is alleged to have committed;
- (c) the findings;
- (d) any sanction imposed on the official; and

any further action to be taken against the official, including criminal charges or civil proceedings.

(2) An accounting officer of a constitutional entity must report the information required in terms of section 53 1(a) to (e) of these regulations to Parliament.

(3) An accounting officer of a Ministry must inform the executive authority, the Treasury and the Public Service Commission of the outcome of any criminal proceedings instituted against any person for financial misconduct in terms of section 91 of the Act, whilst the accounting officer of a constitutional institution must inform Parliament of such outcomes.

(4) The accounting officer of an institution must, on an annual basis, submit to the Treasury and Auditor-General the following—

- (a) the outcome of any disciplinary proceedings and/or criminal charges;
- (b) the names and ranks of officials involved; and
- (c) the sanctions and any further actions taken against these officials.

(5) The information referred to in subsection (4) must be accompanied by a report on any changes made to the institution's



systems of financial and risk management as a result of the findings of any investigation.

*Investigation of alleged financial misconduct and offences by accounting authorities and employees of public entities*

54. (1) If an employee is alleged to have committed financial misconduct, the accounting authority of the public entity must ensure that—

- (a) an investigation is conducted into the matter; and
- (b) if confirmed, must ensure that a disciplinary hearing is held in accordance with the applicable statutory and other conditions of appointment or employment.

(2) An accounting authority must ensure that the investigation referred in paragraph (a) is instituted within 30 days from the date of discovery of the alleged financial misconduct.

(3) If an accounting authority or any of its members is alleged to have committed financial misconduct, the relevant executive authority must initiate an investigation into the matter and if the allegations are confirmed, must ensure that appropriate disciplinary proceedings are initiated immediately.

(4) The Minister may, after consultation with the executive authority—

- (a) direct that a person other than an employee of the public entity conducts the investigation; or
- (b) issue any reasonable requirement regarding the way in which the investigation should be performed.

*Criminal proceedings*

55. (1) An accounting authority must advise an executive authority, Auditor-General and Treasury of any criminal charges it has laid against any person in terms of the Act.

(2) The executive authority or Treasury may direct a public entity to lay charges of criminal financial misconduct against any person should an accounting authority fail to take appropriate action.

*Reporting*

56. An accounting authority must, on an annual basis, submit to the executive authority, Treasury and the Auditor-General a list of—

- (a) the outcome of any disciplinary hearings and criminal charges;
- (b) the names and ranks of employees involved; and
- (c) the sanctions and any further actions taken against these employees.



