



PARLIAMENT BUDGET OFFICE

STATUTORY AND RETENTION FUNDS: WHAT IS THE WAY FOWARD

1. Introduction and Background

Zimbabwe could be losing millions of dollars through misuse of retained funds by various Government Departments who are retaining 100% of the funds they are collecting. The Auditor General has raised a red flag over lack of transparency and accountability with regards to most of these statutory and retention funds. This compromise in Public Finance Management Systems is a wakeup call for the country to revert back to the old system where all revenues were deposited into the Consolidated Revenue Fund (CRF) (except in special cases, according to Section 302 (b) of the Constitution), and all allocations and disbursements were made from these subject to the permission of Parliament through the budget process.

Section 302 of the Constitution of Zimbabwe compels government institutions to remit all funds to treasury. The section reads:

“There is a Consolidated Revenue Fund into which must be paid all fees, taxes and borrowings and all other revenues of the Government, whatever their source, unless an Act of Parliament—

(a) requires or permits them to be paid into some other fund established for a specific purpose; or

(b) permits the authority that received them to retain them, or part of them, in order to meet the authority’s expenses.”

It is clearly evident from this section that all retentions which are not backed by an Act of Parliament are unconstitutional. Most of these funds were created before the adoption of the new constitution in 2013 and have no specific enabling legislation. They obtained retention authority from the Minister of Finance and Economic Development through Section 18 of the Public Finance Management Act (PFMA) (Chapter 22:19).

2. Rationale for revenue consolidation and retention

Consolidated Revenue Fund is a term used in many countries which derived their political systems from the Westminster model to describe the main bank account of the government. All tax and non-tax revenue is paid into the fund unless Parliament has specifically provided otherwise by law. Any money received by the government which is not taxation, and is not to be retained by the receiving department (for example, fines), is classed as a Consolidated Fund extra receipt (CFER). These funds are to be paid into the Consolidated Fund as soon as they are received in order to ensure transparency and accountability. Parliament gives statutory authority for the Government to draw funds from the Consolidated Fund by Acts of Parliament known as the Appropriation Act and Consolidated Fund Act. This ensures transparency and accountability in the use of such funds.

There are two types of funds in Zimbabwe, statutory funds established by a specific Act for a specific purpose and the PFMA funds established on the authority of Section 18 of the PFMA for administrative convenience. Most of the PFMA retention funds in Zimbabwe were created as a survival tactic during the peak of Government fiscal challenges. This was to allow government departments to retain part of their revenue to fund critical operations during the hyperinflationary era where a slightest lag in releasing funds from the CRF would significantly compromise government operations and service delivery due to the rapid loss of value for money. Treasury authorized, albeit without legal backing (before promulgation of the PFMA), certain departments to retain all collected funds to finance critical areas like capitalisation. The proliferation of these funds and reports of lack of transparency in the use of the funds is now a matter of concern. Treasury has since directed all government departments who collect statutory funds or retain other funds to open accounts with the Central Bank with effect from 31 January 2016 to enhance transparency and accountability, failure of which they threatened to revoke the retention authority. All the concerned departments have complied with this directive. However, it should be noted that this has not addressed the issue of abuse of funds and the constitutional requirements provided for in Section 302. Moreover, Treasury has halted the creation of additional funds since June 2016 after noting a suspicious increase in applications for retention authority by line Ministries and Departments.

It is reported that the combined revenues collected by government institutions or departments outside the budget could have well reached over \$1 billion in 2016¹, had they been properly and accurately accounted for. This includes revenues from fines and user charges collected by the Zimbabwe Republic Police, Zinara, Environmental Management Agency, Judicial Services Commission and the Registrar General's Office, among many other government agencies. This comes at a time when Zimbabwe's budget has remained static at US\$4 billion annually as fiscal revenues continue to dwindle. This situation has eroded the stimulus power of the budget to propel the economy and move the country to middle income status.

The increase in cases of abuse of public funds justify calls for Treasury to be the only department entrusted with the responsibility to manage public resources. It has also been noted that a lot of money is spent on non-essential goods and services at the expense of critical issues. This is the highest level of disservice to the citizens and taxpayers when privileged departments splash on luxuries like cars whilst critical service provision like health delivery are underfunded to the extent of failing to provide

¹ Daily news, 16 April 2017 (Online: Available at: <https://www.dailynews.co.zw/articles/2017/04/16/retention-funds-cost-zim-millions>)

basic painkillers. It defeats the whole purpose and is illogical for the same institutions with retention funds to then look up to treasury for financial support especially for salaries. Universities are a clear case in point.

3. Supreme Court ruling on a case involving remission of revenue to the Consolidated Revenue Fund

Reference can be made to the supreme Court of Zimbabwe ruling on a case involving Reserve Bank of Zimbabwe (RBZ) vs Zimbabwe Revenue Authority (ZIMRA), case number S-44-13. The judgment was delivered on 20 September 2013 by Deputy Chief Justice Luke Malaba with Justice Vernanda Ziyambi and Justice Yunus Omerjee concurring. RBZ had issued a directive to the banks to transfer the money from accounts held with them by ZIMRA. The directive was issued through a monetary policy statement announcement made by the RBZ Governor, and was purportedly made in terms of Section 6(1)(d) of the Reserve Bank of Zimbabwe Act (the paragraph was later repealed), which imposed on RBZ the duty to advance the general economic policies of the Government by doing those things which are permitted by the law.

As a result of this directive, RBZ received into its own account from two commercial banks money held by those banks on behalf of the ZIMRA. ZIMRA demanded the refund of the money, to which RBZ did not respond. Legal proceedings were therefore instituted by ZIMRA to recover the money. RBZ opposed the claim, on three grounds namely:

- i. That it had a right under Section 6(1)(d) and 8(1) of the Act, to issue the directive;
- ii. That ZIMRA should have sued the commercial banks, as opposed to itself, for the recovery of the money, there being no privity of contract between the two; and
- iii. That Section 18 of the Act granted it immunity from proceedings of this nature.

The Court ruled that the obligation imposed by the Constitution applies to all concerned, including ZIMRA, the commercial banks, and the RBZ. The obligation prohibits, in absolute terms, any transfer of revenue collected by the respondent to any other recipient except the Consolidated Revenue Fund. Any act which has the effect of transferring the money to any other recipient, prior to it getting into the Consolidated Revenue Fund, would be unlawful under the Constitution, regardless of who authorized that transfer. The court also ruled that it would not be a valid defence to say that the money was used by government or that the directive came from Government because the Constitution is binding on the Government.

4. Analysis of Audit Opinions for Fund Accounts for the Year Ended December 31, 2015

A cross section of audit opinions was expressed by the Auditor-General on the various Fund Accounts that were audited for the financial year ended December 31, 2015. An explanation of audit opinions as defined by International Auditing and Assurance Standards Board (IAASB) is given below and followed by the analysis of audit opinions that were actually expressed for the audited fund accounts.

4.1 Modified Audit Opinions

International Standard on Auditing (ISA) 705 establishes three types of modified opinions, namely, a qualified opinion, an adverse opinion, and a disclaimer of opinion. The decision regarding which type of modified opinion is appropriate depends upon:

- (a) The nature of the matter giving rise to the modification, that is, whether the financial statements are materially misstated or, in the case of an inability to obtain sufficient appropriate audit evidence, may be materially misstated; and
- (b) The auditor's judgment about the pervasiveness of the effects or possible effects of the matter on the financial statements. (Ref: Para. A1)

4.2 Determining the Type of Modification to the Auditor's Opinion

4.2.1 Qualified Opinion

The auditor shall express a qualified opinion when:

- (a) The auditor, having obtained sufficient appropriate audit evidence, concludes that misstatements, individually or in the aggregate, are material, but not pervasive, to the financial statements; or
- (b) The auditor is unable to obtain sufficient appropriate audit evidence on which to base the opinion, but the auditor concludes that the possible effects on the financial statements of undetected misstatements, if any, could be material but not pervasive.

4.2.2 Adverse Opinion

The auditor shall express an adverse opinion when the auditor, having obtained sufficient appropriate audit evidence, concludes that misstatements, individually or in the aggregate, are both material and pervasive to the financial statements.

4.2.3 Disclaimer of Opinion

The auditor shall disclaim an opinion when the auditor is unable to obtain sufficient appropriate audit evidence on which to base the opinion, and the auditor concludes that the possible effects on the financial statements of undetected misstatements, if any, could be both material and pervasive.

The auditor shall disclaim an opinion when, in extremely rare circumstances involving multiple uncertainties, the auditor concludes that, notwithstanding having obtained sufficient appropriate audit evidence regarding each of the individual uncertainties, it is not possible to form an opinion on the financial statements due to the potential interaction of the uncertainties and their possible cumulative effect on the financial statements.

4.3 Summary of Audit Opinions

The table below illustrates how the auditor’s judgment about the nature of the matter giving rise to the modification, and the pervasiveness of its effects or possible effects on the financial statements, affects the type of opinion to be expressed.

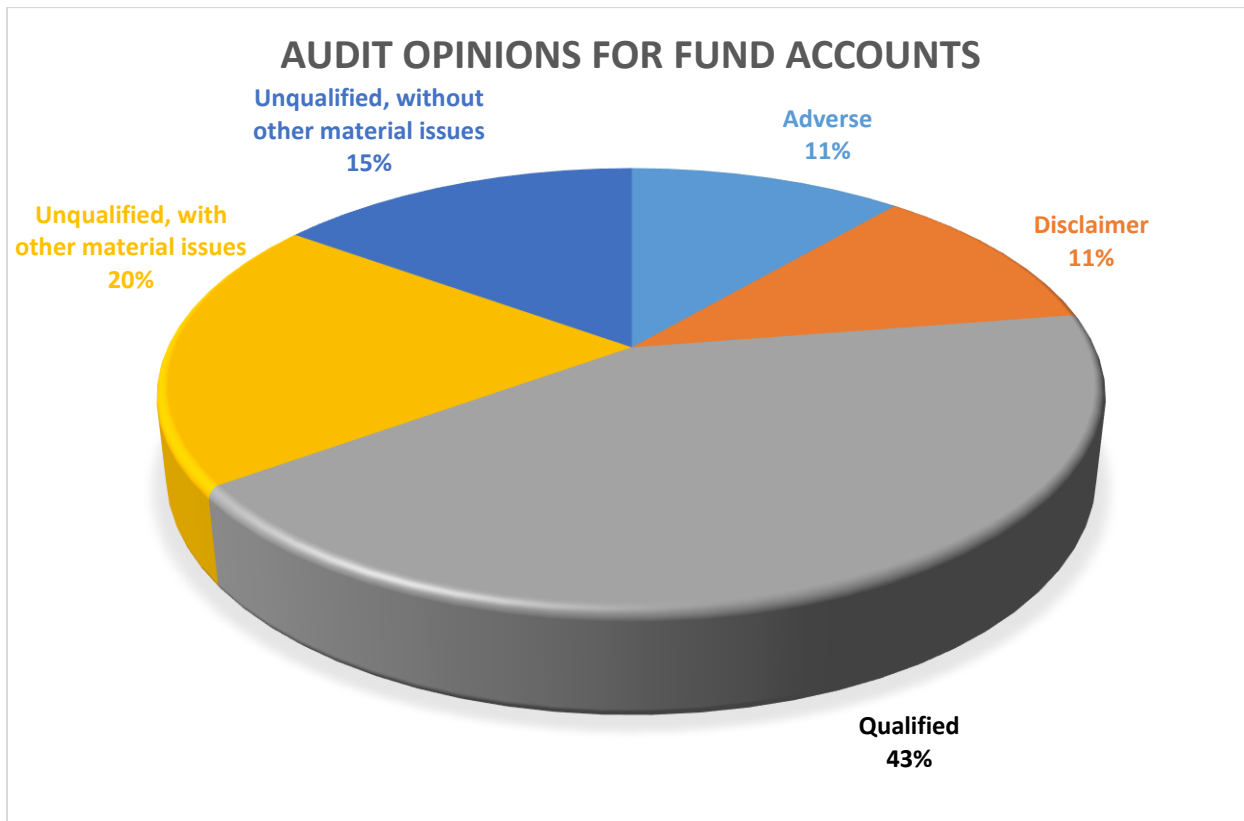
<i>Nature of Matter Giving Rise to the Modification</i>	<i>Auditor’s Judgement about the Pervasiveness of the Effects or Possible Effects on the Financial Statements</i>	
	<i>Material but Not Pervasive</i>	<i>Material and Pervasive</i>
Financial statements are materially misstated	Qualified opinion	Adverse opinion
Inability to obtain sufficient appropriate audit evidence	Qualified opinion	Disclaimer of opinion

4.4 Audit Opinions for Fund Accounts (FYE December 31, 2015)

Vote	Fund Account	Unqualified	Qualified	Disclaimer	Adverse
1	District Development Fund 2013 and 2014		Qualified		
3	National Heroes Dependants Assistance Fund 2014	Qualified			
	Public Service Training Centres Amenities Fund 2014		Qualified		
	Public Service Training Loan Fund		Qualified		
	Yvonne Eustasie Parfitt Homes for the Aged	Qualified			
4	Defence Procurement Fund 2014	Qualified			
5	State Asset Disposal Fund 2009-13			Disclaimer	
	Schedule of Outstanding Revenue 2013		Qualified		
	Schedule of Revenue Received 2013		Qualified		
	Statement of Contingent Liabilities 2013				Adverse
	Statement of Public Debt 2013				Adverse
	Summary of Transaction on the Exchequer Account 2013		Qualified		
	Summary of Transaction on the CRF 2013				Adverse
7	Standards Development Fund 2014		Qualified		
	Trade Measures Fund 2010-13		Qualified		
8	Agricultural Revolving Fund 2013			Disclaimer	
9	Special Gold Unit Fund 2014	Qualified			
	Mines Industrial Loan Fund 2014		Qualified		
	Mines and Mining Development Fund 2014		Qualified		
10	Lake Kariba Fisheries Research Institute 2015	Qualified			
	Rhodes Matopos Estate Fund 2015	Qualified			
	Rhodes Nyanga Estate Fund 2015	Qualified			
	Meteorological Services Fund 2013 and 2014		Qualified		
	National Coordinating Unit Fund 2014		Qualified		

	Secretary's Fund 2014				
	Water Fund 2014				
11	New Limpopo Bridge Fund 2014				
	New Vehicle Security Registration Number Plate Revolving Fund 2013 and 2014				
13	Civil Service Housing Loan Fund 2013				
	Housing and Guarantee Fund 2014				
	National Civil Protection Fund 2013 and 2014				
	National Housing Fund 2012 and 2013				
	Stadia Revolving Fund 2014				
	Rural Social Amenities Development Fund				
14	Health Services Fund 2013 and 2014				
	Medical Research Council of Zimbabwe				
15	School Service Fund 2014				
16	Amenities Fund 2009 and 2010				
	National Education and Training Fund 2013				
	Tertiary Education and Training Development Fund 2009 and 2010				
17	Youth Development and Employment Creation Fund 2014				
18	National Archives Publications and Production Trust Fund 2014				
	Registrar General Retention Fund 2014				
	Immigration Services Fund 2014				
	ZRP Revolving Fund 2014				
	Courts Administration 2014				
19	Attorney-General's Office Administration Fund 2014				
	Deeds and Companies Office Fund 2014				
	ZPS Retention Fund 2014				
	Legal Aid Fund 2014				
21	Indo-Zimbabwe Fund 2015				
	Small and Medium Scale Enterprises Revolving Fund 2015				
22	NOCZIM Debt Redemption Fund 2014-15				
	Pipeline and Rail Fund 2015				
	Strategic Fuel Reserve Fund 2014				
23	Women's Development Fund 2014				
	Zimbabwe Community Development Fund 2014				
26	Lands and Resettlement Fund 2014				
27	Courts Administration Fund 2014				
	Guardian's Fund 2014				
28	Skills Retention Fund 2014				
	Public Service Transport Management Fund 2012 and 2013				
31	War Veterans Fund 2014				

4.5 Audit Opinions for Fund Accounts in Percentages



Forty-three percent of the audited fund accounts were issued with qualified audit opinions. On the worst side eleven percent had disclaimer audit opinions and an equal number had adverse audit opinions. The qualified, disclaimer and adverse audit opinions are red flags of possible abuse of public funds. This goes to show that there is urgent need for accountability and transparency on most of the fund accounts.

It is also important to note that thirty-one (31) fund accounts had not submitted their accounts for audit as at May 17, 2016 (Annexure 3 refers).

5. Policy Options

The following are the policy options available to the Ministry of Finance with regards to retention of funds:

Option	Likely outcome
Revoke the retention authority and enforce the constitutional requirement that all funds must be remitted to the	<ul style="list-style-type: none"> ▪ Enhances transparency and accountability as funds are allocated by the Ministry of Finance under the control of the National Budget system and the supervision of Parliament. ▪ Ensures smooth allocation of the funds to various government departments according to priorities.

<p>CRF and where appropriate, the concerned departments can be allowed to retain a small percentage, just like what ZIMRA does to meet fund administration expenses.</p>	<ul style="list-style-type: none"> ▪ Ensures even distribution of resources and eliminate the current scenario were some government departments with retention funds are well off compared their poor cousins who rely entirely on treasury allocation. (For example ZRP which has upgraded its fleet and spruced up police station using retained revenue yet the Zimbabwe Prison service on numerous occasions has failed to bring prisoners to the courts citing fuel and transport challenges) ▪ Enhance transparency unlike the current scenario where money collected by certain departments is difficult to trace upholding the constitution and given the limited resources and the shoestring budget Government is working with. ▪ Critical operations may be underfunded and this may compromise service delivery. ▪ Funds may have borrowed against expected cash inflows and revoking may lead to government assumption of debt or litigation
<p>Maintain the current scenario with at least 64 statutory and retention funds</p>	<ul style="list-style-type: none"> ▪ The status quo remains ▪ Transparency and accountability difficult to enforce ▪ Abuse of resources and non-priority expenditure ▪ Over-taxation and excessive revenue collection to meet revenue targets (e.g. on fines thrust will be to collect more rather than reduce crime) ▪ Government departments with retention better funded and able to execute their duties timeously ▪ Funds able to repay what they borrowed against expected cash inflows

It is critical, if the first option is selected, to put in place mechanisms to ensure timely exchequer releases, once all revenue is remitted to the CRF. This will enhance the smooth flow of government business and ensure that government operations are not crippled.

6. Conclusion

It is our fervent hope, as the Budget Office that this matter will be given the consideration it deserves taking into account the merits and demerits of the 2 options. Value for money to the public is greatly emphasized. The ultimate aim should be to harness more resources into the system, improve service delivery and reduce revenue loopholes that have continued to drain public funds.

ANNEXURE 1:

SUMMARY OF SOME OF THE 64 STATUTORY AND RETENTION FUNDS IN ZIMBABWE

NAME OF FUND	RESPONSIBLE AUTHORITY	ESTABLISHING ACT	USE	RETENTION	ANNUAL COLLECTION (2017 EST)
District Development Fund	Office of the President and Cabinet	District Development Fund Act [Chapter 29:06]	Infrastructural development works in communal and resettlement areas.	100%	1 472 000
Public Service Training Centres Amenities Fund	Public Service, Labour and Social Services	Section 18 of the PFMA (Chapter 22:19)	Improve institutional capacity of training centres.	100%	1 132 000
Senior Officers Housing Fund	Finance and Economic Development	Section 18 of the PFMA (Chapter 22:19)	Land/house purchase, mortgage relief.	100%	1 650 000
Standards Development Fund	Industry and Commerce	Standards Development Fund Act	Develop and promote standardization of commodities.	100%	11 860 000
Trade Measures Fund	Industry and Commerce	Section 18 of the PFMA (Chapter 22:19)	Development and maintenance of legal and metrology services provided to the Ministry.	30%	150 300
Agriculture Revolving Fund	Agriculture, Mechanisation and Irrigation Development	Section 18 of the PFMA (Chapter 22:19)	Additional resources to the Agricultural Research, National Botanic Garden, Animal Management.	100%	
Special Gold Unit Fund	Mines and Mining Development	Section 18 of the PFMA (Chapter 22:19)		100%	695 400
Mines and Mining Development Fund	Mines and Mining Development	Section 18 of the PFMA (Chapter 22:19)	Computerised mining titles system and development of mining industry.	25%	6 625 000
Mining Industry Loan Fund	Mines and Mining Development	Section 18 of the PFMA (Chapter 22:19)		100%	926 500
Water Fund	Environment, Water and Climate	ZINWA [Chapter 22:19]	Development of water resources.	100%	400 200
Environment Fund	Environment, Water and Climate	Environmental Management Act [Chapter 20:27]	Standardisation of environmental services.	100%	12 000 000

Meteorological Services Fund	Environment, Water and Climate	Meteorological Services Act [Chapter 13:21]	Financial resources for Met. Dept.	100%	
Rhodes Matopos Fund	Environment, Water and Climate	Rhodes Estate Act [Chapter 20:17]	Development and maintenance of Matopos Estates.	100%	898 200
Rhodes Nyanga Fund	Environment, Water and Climate	Rhodes Estate Act [Chapter 20:17]	Development and maintenance of Nyanga Estates.	100%	1 176 000
Traffic and Legislation Fund	Transport and Infrastructural Development	Section 18 of the PFMA (Chapter 22:19)	Registration, licencing, inspection, weighing of motor vehicles, suervey of vessels, and certification.	5%	5 957 800
New Vehicle Security Registration Number Plate Revolving Fund	Transport and Infrastructural Development	Section 18 of the PFMA (Chapter 22:19)	Cost of producing and distributing number plates.	100%	12 000 000
Department of Roads Fund	Transport and Infrastructural Development	Section 25 Roads Act [Chapter 13:18]	Road maintenance works.	100%	42 511 900
Road Fund - ZINARA	Transport and Infrastructural Development	Section 13 Roads Act [Chapter 13:18]	Maintenance works.	100%	204 602 300
New Limpopo Bridge Fund	Transport and Infrastructural Development	Section 18 of the PFMA (Chapter 22:19)	Maintenance and rehabilitation of the Old and New Limpopo Bridges.	100%	12 605 300
Aviation Infrastructure Development Fund	Transport and Infrastructural Development	Section 18 of the PFMA (Chapter 22:19)		100%	9 420 300
Stadia Revolving Fund	Local Government, Public Works and National Housing	Section 18 of the PFMA (Chapter 22:19)	Maintenance of all Government-owned stadia.	100%	289 000
Government Pool Properties Fund	Local Government, Public Works and National Housing	Section 18 of the PFMA (Chapter 22:19)	Maintenance of Government Pool House.	50%	4 000 000
Civil Service Housing Fund	Local Government, Public Works and National Housing	Section 18 of the PFMA (Chapter 22:19)	Funding to civil servants towards land/house purchase and mortgage relief.	100%	2 310 000
Housing and Guarantee Fund	Local Government, Public Works and National Housing	Section 14 Housing and Building Act and Section 18 Public Finance Management Act		100%	2 740 000

National Housing Fund	Local Government, Public Works and National Housing	Section 14 Housing and Building Act and Section 18 Public Finance Management Act	Constructing and servicing housing properties and cost of research.	100%	1 840 000
Health Services Fund	Health and Child Care	Section 18 of the PFMA (Chapter 22:19)	Supplementing the Health Budget.	100%	
School Services Fund	Primary and Secondary Education	Section 18 of the PFMA (Chapter 22:19)	Learning and teaching materials in the school systems.	100%	31 494 700
Independent Colleges Guarantee Fund	Primary and Secondary Education	Section 46 Education Act [Chapter 25:04]	Defray expenses in ensuring acceptable standards in registered independent colleges and refunds to students in the event of insolvency of these colleges.	100%	334 400
Education Materials Disbursement Fund	Primary and Secondary Education		Design and production of Curricula Material.	100%	90 000
Colleges Amenities Fund	Higher and Tertiary Education, Science Technology	Section 18 of the PFMA (Chapter 22:19)	Facilities for sporting, social, and cultural activities.	100%	40 040 000
Industrial Training and Trade Testing Fund	Higher and Tertiary Education, Science Technology	Section 18 of the PFMA (Chapter 22:19)	Development and maintenance of services, programs, and related activities for industrial training and trade testing.	100%	1 282 600
National Education and Training Fund	Higher and Tertiary Education, Science Technology	Section 18 of the PFMA (Chapter 22:19)	Development and maintenance of services at tertiary education institutions.	100%	
Vocational and Technical Examinations Fund	Higher and Tertiary Education, Science Technology	Section 18 of the PFMA (Chapter 22:19)	Development of services and programmes relating to National Examinations, Curriculum Research and Development activities.	100%	5 000 000
Tertiary Education and Training Fund	Higher and Tertiary Education, Science Technology	Section 18 of the PFMA (Chapter 22:19)	Development and maintenance of services, programmes and related activities at tertiary education institutions.	100%	60 060 000
Zimbabwe Manpower Development Fund	Higher and Tertiary Education, Science Technology	Section 47 Zimbabwe Manpower Development Act [Chapter 28:02]	Development of skilled manpower.	100%	36 307 000

Youth Development and Employment Creation Fund	Youth, Indigenisation and Economic Empowerment	Section 18 of the PFMA (Chapter 22:19)	Loans to youth income generating projects and businesses.	100%	776 000
National Indigenisation and Economic Empowerment Fund	Youth, Indigenisation and Economic Empowerment	Section 12 National Indigenisation and Economic Empowerment Act	Share acquisitions, finance for start-ups, market research and capacity building projects.	100%	694 700
Immigration Services Fund	Home Affairs	Section 18 of the PFMA (Chapter 22:19)	Effective execution of immigration duties.	100%	1 200 000
Registrar General Retention Fund	Home Affairs	Section 18 of the PFMA (Chapter 22:19)	All registration exercises, staff development and information dissemination activities.	100%	27 000 000
ZRP Revolving Fund	Home Affairs	Section 18 of the PFMA (Chapter 22:19)	Enable the Police to discharge its mandate in an efficient manner.	100%	59 391 300
Attorney General's Fund	Justice, Legal and Parliamentary Affairs	Section 18 of the PFMA (Chapter 22:19)	Effectiveness and efficiency of administration of justice.	8%	408 100
Deeds, Companies and Intellectual Property Fund	Justice, Legal and Parliamentary Affairs	Section 18 of the PFMA (Chapter 22:19)	Registering, protecting and facilitating easy access to information.	5%	1 179 100
Legal Aid Directorate Fund	Justice, Legal and Parliamentary Affairs	Section 18 of the PFMA (Chapter 22:19)	Meeting any fees and expenses arising from the engagement of legal practitioners.	100%	41 900
Zimbabwe Prisons and Correctional Services Fund	Justice, Legal and Parliamentary Affairs	Section 18 of the PFMA (Chapter 22:19)	Effective and efficient administration of the ZPCS.	100%	815 400
Broadcasting Fund	Information, Media and Broadcasting Services	Section 29 Broadcasting Services Act [Chapter 12:06]		100%	746 360
Indo-Zimbabwe Fund	Small and Medium Enterprises and Co-operative Development	Section 18 of the PFMA (Chapter 22:19)	Training and development in Micro, Small and Medium Enterprises.	100%	
Small and Medium Enterprises Revolving Fund	Small and Medium Enterprises and Co-operative Development	Section 18 of the PFMA (Chapter 22:19)	Provide interest-bearing loans to SMEs.	100%	
Central Cooperative Fund	Small and Medium Enterprises and	Section 18 of the PFMA (Chapter 22:19)	Finance the education and training of members and	100%	

	Co-operative Development		prospective members of co-operatives.		
Pipeline and Rail Fund	Energy and Power Development	Section 18 of the PFMA (Chapter 22:19)	Payment of CPMZ and BBR obligations.	100%	2 160 000
Debt Redemption Fund	Energy and Power Development	Section 18 of the PFMA (Chapter 22:19)	Amortization of debts owed by NOCZIM.	100%	38 400 000
Strategic Reserves Fund	Energy and Power Development	Section 18 of the PFMA (Chapter 22:19)	Mitigate the impact of fuel shortages in the country.	100%	18 044 200
Zimbabwe Community Development Fund	Women Affairs, Gender and Community Development	Section 18 of the PFMA (Chapter 22:19)		100%	
Women's Development Fund	Women Affairs, Gender and Community Development	Section 18 of the PFMA (Chapter 22:19)		100%	
Zimbabwe Tourism Fund	Tourism and Hospitality	Section 29 Tourism Act [Chapter 14:20]	To develop tourism.	100%	
Universal Services Fund	Information Communication Technology, Postal and Courier Services	Postal and Telecommunication Act [Chapter 14:19]	Standardisation of postal and telecommunication services.	100%	14 054 900
Lands and Resettlement Fund	Lands Resettlement and Rural Resettlement	Section 18 of the PFMA (Chapter 22:19)	To provide resources for the Land Resettlement Programme.	60%	3 465 000
Lands Compensation Fund	Lands Resettlement and Rural Resettlement	Section 18 of the PFMA (Chapter 22:19)	Compensation of former farm owners.	100%	10 000 000
Courts and Administration Fund	Judicial Services Commission	Section 18 of the PFMA (Chapter 22:19)	Providing resources to Courts.	32%	13 724 800
Guardian Fund	Judicial Services Commission	Section 18 of the PFMA (Chapter 22:19)		100%	
Salary Services Bureau Fund	Public Service Commission	Section 18 of the PFMA (Chapter 22:19)	To finance the development of services and programmes of the SSB.	100%	
Pension Office Retention Fund	Public Service Commission	Section 18 of the PFMA (Chapter 22:19)	Pension reform initiatives.	60%	4 100 000
Public Service Transport Management Fund	Public Service Commission	Section 18 of the PFMA (Chapter 22:19)	Acquisition of buses for the transportation of Civil Servants to and from work.	100%	383 300

National Archives Retention Fund	Rural Development, Preservation and Promotion of National Culture and Heritage	Section 18 of the PFMA (Chapter 22:19)		100%	
Broadcasting Fund	Media Commission	Section 29 Broadcasting Services Act [Chapter 12:06]		100%	1 133 000

** Section 32(9) of the NPA Act specifies that the JSC is supposed to retain 40% of revenue, while allocating 30% to the NPA, 20% to the AG’s Office and 10% to the Justice ministry. There are reports that the JSC is still retaining 80% and disbursing 20%, in contravention of the Act. Before the NPA Act came into force in January this 2015, the JSC retained 80% of the funds while 20% was disbursed to the AG’s Office.

ANNEXURE 2:

SECTION 18 OF THE PUBLIC FINANCE MANAGEMENT ACT

Establishment of other public funds

(1) Whenever—

(a) money is appropriated by Act of Parliament for the establishment of a fund for a particular purpose; or

(b) in the opinion of the Minister, it is necessary or desirable for the purpose of facilitating the accounting for public resources that a separate fund be established;
the Treasury shall establish a fund for that purpose.

(2) On the establishment of a fund in terms of subsection (1), the Treasury shall draw up a constitution for the regulation of the affairs of that fund, which constitution—

(a) shall specify the objects of the fund and the money which shall be payable into that fund; and

(b) shall provide for the payments which may be made out of that fund; and

(c) may provide for such other matters as are considered to be necessary or desirable.

(3) A constitution drawn up in terms of subsection (2) may be amended from time to time or replaced as the Treasury thinks fit.

(4) Where a constitution has been drawn up in terms of subsection (2) or amended or replaced in terms of subsection (3) the Minister shall lay a copy of that constitution or the amendment to or replacement of that constitution, as the case may be, before the House of Assembly on one of the ten days on which the House of Assembly sits next after

that constitution was drawn up or after that amendment or replacement of the constitution was drawn up, as the case may be.

(5) Where a fund has been established before the date of commencement of this Act, and is operating on that date in accordance with a constitution drawn up by or with the approval of the Treasury—

(a) that fund shall be deemed to have been established in terms of subsection (1); and

(b) that constitution shall be deemed to be a constitution drawn up in terms of subsection (2) but it shall not be necessary to lay a copy thereof before the House of Assembly in terms of subsection (4); and

(c) if that constitution purported to confer on the fund powers which may only be exercised by a corporate body and the Minister has, by notice in the *Gazette*, declared that the fund concerned shall be a corporate body—

(i) that fund shall be regarded as a body corporate with such powers as may be conferred upon it by or

in terms of its constitution, and shall be deemed to have become a body corporate with effect from the date on which the fund was established; and

(ii) any assets or liabilities of that fund shall not be regarded for any purposes as assets or liabilities of the State; and

(iii) any employee of that fund shall not be regarded for any purposes as an employee of the State; and

(iv) the provisions of subsection (3), the proviso to subsection (9) and subsection (10) shall not apply in relation to the constitution of that fund but that constitution shall not be amended without the approval of the Treasury.

(6) Subject to subsection (1), no fund shall be established by an officer in the employment of the State for the deposit

of public moneys unless the establishment of that fund is authorised by or in terms of this Act or any other enactment.

(7) Where a fund administered by an officer in the employment of the State has been established in terms of this Act or any other enactment—

(a) there shall be paid into and credited to that fund any moneys which are—

(i) appropriated by Act of Parliament for the purposes of that fund; or

(ii) required by any enactment or, in the case of a fund established in terms of subsection (1), by the constitution thereof, to be paid into that fund;

(b) there may, subject to the approval of the Treasury, be paid into and credited to that fund any money made available from other sources for the purposes of that fund.

(8) The Minister may, on such terms and conditions as he or she may fix, make loans or advances for a period not exceeding three hundred and sixty days to any statutory fund or fund referred to in this section to enable the functions

that should be carried out by means of the use of the money in that fund to be carried out:

Provided that money loaned or advanced in terms of this subsection shall not be used for capital expenditure unless the Minister has approved such use.

(9) Notwithstanding anything to the contrary contained in this Act, the receipts, earnings or accruals of a statutory fund or fund referred to in this section shall be paid into and form part of that fund:

Provided that, subject to any enactment by or in terms of which the fund is established or, in the case of a fund established

in terms of subsection (1), the provisions of the constitution thereof, the Treasury may at any time direct that any moneys in such fund shall be paid into the Consolidated Revenue Fund.

(10) Subject to any enactment by or in terms of which a fund is established or, in the case of a fund established in terms of subsection (1), the provisions of the constitution thereof, the Treasury may wind up that fund and shall transfer

any moneys in that fund to the Consolidated Revenue Fund.

(11) Any loan made in terms of subsection (8) shall be paid out of the Consolidated Revenue Fund which is hereby appropriated to the purpose.

ANNEXURE 3:

FUND ACCOUNTS NOT SUBMITTED FOR AUDIT AS AT MAY 17, 2016

Ministry	Year
Finance and Economic Development <ul style="list-style-type: none"> ▪ Consolidated Revenue Fund ▪ Contingent Liabilities ▪ Exchequer Account ▪ National Development Fund ▪ Outstanding Revenue ▪ Public Debt ▪ Public Financial Assets ▪ Receipts and Disbursements ▪ Revenue Received ▪ Revenue Written-off ▪ Schedule of Revenue Received ▪ Senior Officers Housing Fund ▪ State Assets Disposal Fund ▪ Statement of Receipts and Disbursements ▪ Summary Appropriations 	2014-15 2015 2015 2015 2015 2015 2015 2015 2015 2015 2015 2015 2015 2015 2015
Agriculture, Mechanisation and Irrigation <ul style="list-style-type: none"> ▪ Agricultural Revolving Fund 	2015
Environment, Water and Culture <ul style="list-style-type: none"> ▪ Meteorological Services Fund ▪ Secretary's Fund ▪ Small Scale Funding Account 	2015 2015 2015
Transport and Infrastructural Development <ul style="list-style-type: none"> ▪ Traffic and Legislation Fund ▪ New Vehicle Security Registration Number Plate Revolving Fund 	2015 2015
Local Government, Public Works and National Housing <ul style="list-style-type: none"> ▪ Housing and Guarantee Fund ▪ National Housing Fund ▪ Public Service Housing Loan Fund ▪ Rural Social Amenities Fund 	2015 2014-15 2014-15 2015
Health and Child Care <ul style="list-style-type: none"> ▪ Medical Research Council of Zimbabwe ▪ Blair Research Trust Fund ▪ Ingutsheni Hospital Occupational Therapy and Sheltered Employment Trust Fund 	2014-15 2012-2015 2014-2015

▪ Ngomahuru Trust Fund	2011-2015
Higher and Tertiary Education	
▪ Amenities Fund	2015
▪ Tertiary Education and Training Development Fund	2015