

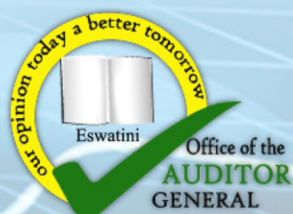


OFFICE OF THE
AUDITOR GENERAL



**REPORT OF THE AUDITOR GENERAL ON THE
CONSOLIDATED GOVERNMENT ACCOUNTS
OF THE KINGDOM OF ESWATINI**

FOR THE FINANCIAL YEAR ENDED
31ST MARCH 2020



Serving Public Interest



KINGDOM OF ESWATINI

**REPORT OF THE AUDITOR GENERAL
ON THE
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FOR THE FINANCIAL YEAR ENDED 31st MARCH 2020

Report of the Auditor General to the Honourable Speaker of the House of Assembly



ACKNOWLEDGEMENTS

Despite all the challenges and disruptions caused by the Covid-19 pandemic, once again I express my appreciation to members of staff for their cooperation, dedication, and hard work in preparation of this report. The Covid-19 has inevitably led to emergency transactions and this necessitates audit of the emergency transactions to provide broader assurance on the value for money spent during the emergency operations and help identify actions needed to strengthen public finance management systems for the future. By its very nature, this supreme audit institution is an essential element of the public finance management system.

Aside from the importance of compliance with laws, rules and regulations, undertaking a financial audit itself provides valuable insight, and determines whether the Government of Eswatini is reporting a true and fair view of its financial performance and position which is what every Government wants to achieve. Without the cooperation and support of the Principal Secretaries, Accountant General and staff, my office would not have achieved this important financial audit objective.

For this reason, I wish to express my gratitude to all Controlling Officers, Accountant General, Treasury and Stores Department, and the staff at large for the cooperation afforded to my office. The cooperation and support received from Government Ministries and Departments officials is also applauded.

Report of the Auditor General to the Honourable Speaker of the House of Assembly



KINGDOM OF ESWATINI

Office of the Auditor General
P.O. Box 98
Mbabane
H100
Eswatini

Honourable Neal Rijkenberg
Minister for Finance
P.O. Box 443
Mbabane
H100
Eswatini

Your Honourable,

In accordance with Section 207 (5) of the Constitution of Eswatini and Section 15 (3) of the Audit Act No. 4 of 2005, I have pleasure and honour to submit my report on the Audit of the Consolidated Government Financial Statements (Annual Accounts) for the financial year ended 31st March 2020, for tabling in Parliament.

Yours faithfully

A handwritten signature in black ink, appearing to read 'T. S. Matsebula', enclosed within a circular stamp.

T. S. Matsebula
Auditor General
Kingdom of Eswatini

Report of the Auditor General to the Honourable Speaker of the House of Assembly

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Report of the Auditor General to the Honourable Speaker of the House of Assembly

CONSOLIDATED GOVERNMENT FINANCIAL STATEMENTS (ANNUAL ACCOUNTS) OF THE KINGDOM OF ESWATINI FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2020

STATEMENT OF RESPONSIBILITY AND APPROVAL

The Principal Secretary of the Ministry for Finance and the Accountant General are required in terms of the Public Finance Management Act, 2017, to maintain adequate accounting records and are responsible for the content and integrity of the Consolidated Government Accounts for the financial year ended 31st March 2020 and related financial information included in pages 9 to 34 of this report. It is their responsibility to ensure that the annual Financial Statements fairly present the state of affairs of the Government of Eswatini as at the end of the financial year and the results of the Government operations and cash flows for the period then ended, in conformity with laws and the International Public Sector Accounting Standards (IPSASs). The Auditor General is the external auditor engaged to express an independent opinion on the annual Financial Statements.

Management of the Ministry of Finance and the Treasury Department acknowledge that they are ultimately responsible for the preparation of the Consolidated Government Financial Statements (Annual Accounts) including a consolidated budget report, and integrating all accounts of Government, all public entities, Local Government and Government business enterprises, presented in accordance with international accounting standards; and for the preparation of reports to show the position with regard to the matters set out in the annexes to the annual budget described in the fifth schedule of the Public Finance Management Act, 2017. However, due to the ongoing public finance management reforms, the preparation of the Consolidated Financial Statements, in accordance with international accounting standards, will be carried out at a date to be determined by the Minister responsible for finance, in agreement with section 87. (1) (c) of the Public Finance Management Act, 2017. For the financial year ended 31st March 2020, the Consolidated Financial Statements are prepared in accordance with Generally Accepted Accounting Principles in the Government of the Kingdom of Eswatini as it is the practice.

To enable the Ministry of Finance and the Treasury Department to meet these responsibilities, the Government of Eswatini sets Policies, Standards, Regulations, and Financial and Accounting Instructions, General Orders and Circulars for internal control, aimed at reducing the risk of error or loss in a cost effective manner. These guiding documents include the proper delegation of responsibilities to Controlling Officers and Accounting Officers within a clearly defined framework, effective accounting procedures, and adequate segregation of duties to ensure an acceptable level of risk.

**CONSOLIDATED GOVERNMENT FINANCIAL STATEMENTS (ANNUAL ACCOUNTS) OF
THE KINGDOM OF ESWATINI FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2020**

These controls are monitored throughout the Government Ministries, Departments and Agencies, and all employees are required to maintain the highest ethical standards in ensuring that the Government's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Government of Eswatini is on identifying, assessing, managing and monitoring all known forms of risks across the Government. While operating risks cannot be eliminated, the Government of Eswatini endeavours to minimise them by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

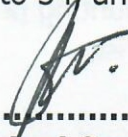
Based on the information and explanations given by Controlling Officers, the Ministry of Finance and the Treasury Department are of the view that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the Consolidated Annual Accounts. However, any system of internal control may provide only reasonable but not absolute assurance against material misstatement or loss.

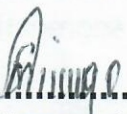
The Treasury Department and the Ministry of Finance have reviewed the Government's Cash Flow Forecast for the year ending 31st March 2021, and in the light of this review and the current financial position, they are satisfied that the Government of Eswatini has adequate resources to continue in operational existence for the foreseeable future.

The external audit office of the Auditor General is responsible for independently auditing and reporting on the Government's Consolidated Annual Accounts in accordance with sections 15 and 16 of the Audit Act, 2005 and section 87 of the Public Finance Management Act, 2017, as amended. The Auditor General was given unrestricted access to financial records and related data. Management of the Ministry of Finance and the Treasury Department believe that all representations made to the independent auditors during their audit are valid and appropriate. The Audit Report of the Auditor General is presented on pages 3 to 8.

Approval of Annual Financial Statements

Against this background, on behalf of the Government of Eswatini, the Principal Secretary of the Ministry of Finance and the Accountant General accept the responsibility for the Consolidated Annual Financial Statements (Accounts) set out on pages 9 to 34, and were approved on 25th February 2021 and were signed by:


.....
**Principal Secretary
Ministry of Finance**


.....
**Acting Accountant General
Treasury Department**

Kingdom of Eswatini



Office of the Auditor General

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Serving Public Interest

CERTIFICATE

2. AUDIT OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

Qualified Opinion

I have audited the Consolidated Financial Statements of the Government of the Kingdom of Eswatini for the year ended 31st March 2020. These Financial Statements comprise the Consolidated Statement of Assets and Liabilities; Statement of Surplus and Deficit; Statement of Receipts and Payments; Statement of Public Debt; Statement of Contingent Liabilities; Statement of Write-Offs, Loss of Cash, Stamps, Stores and Abandoned Claims, and Losses Due to Accidents on Vehicles; and Special Fund Accounts and Trading Accounts, for the year then ended, and a Summary of Significant Accounting Policies and other Explanatory Information, as depicted from pages 9 to 34.

In my opinion, except for the effects of the matters described in the Basis for Qualified Opinion section of my report, the accompanying Financial Statements present fairly, in all material respects the results of operations of the Government of the Kingdom of Eswatini as at 31st March 2020, and of its financial performance and its cash flows for the year then ended in accordance with Generally Accepted Accounting Principles and standards for financial reporting.

Basis for Qualified Opinion

Revenue, assets, and liabilities were materially misstated in the Annual Financial Statements for the year ended 31st March 2020 as shown below.

1) Misstatement of Revenue

There was omission of revenue amounting to **E40,701,132.82**, which consist of revenue recovery from scholarship loans of **E39,580,230.03** and undisclosed dividends of **E1,120,902.79**.

(i) Omission of Scholarship Loans Revenue

Revenue Recovery from Scholarship Loans amounting **E39,580,230.03** was not recognised in the Detailed Statement of Revenue. This amount should have been transferred to the Consolidated Fund and recognised as revenue under item 22100, a revenue control item which collects loan repayments.

(ii) Undisclosed dividends

Dividends received from FINCORP of **E247,832.32** and African Reinsurance Corporation of **E873,070.47** were not disclosed in the Detailed Statement of Revenue for the year ended 31st March 2020.

2) Misstatement of Assets

Misstatements of Bank Balances

Bank balances were misstated by **E91,011,095.56** due to non-reconciliation of the Cash Books with Bank Statements and undisclosed bank balances, as at 31st March 2020. Thus, reflecting an incorrect cash position of the Government of the Kingdom of Eswatini at year end.

(i) Overstated Bank Balances

The bank balances were overstated by **E68,889,471.25** in aggregate. When comparing the balances per Financial Statements and balances per Bank Statements, it was noted that some bank balances were overstated by **E66,559,718.80** as at 31st March 2020. I also noted that the SADC Trade Related Facility Project bank balance was overstated by **E2,329,752.45**, where the Cash Book reflected a balance of E11,266,057.08 yet the Financial Statements depicted a balance of E13,595,809.53, as at 31st March 2020.

(ii) Understated Bank Balance

Certain the bank balances were understated by **E15,620,087.57** in aggregate, when comparing the amount per Financial Statements and amount per Bank Statements as at 31st March 2020.

(iii) Undisclosed Bank Balances

Bank balances amounting to **E6,501,536.74** were not disclosed in the Detailed Statement of Assets, hence resulted to an understatement of bank balances (assets). These comprise:

- Balances of the Salaries Account number 100016206502 and Ministry of Health and Social Welfare Investment account number 100016206558; E100,038.33 and E4,569,614.47, respectively.
- Balance of Eswatini College of Technology's Standard Bank Account number 9110004140144 and Upskilling Bank Account number 100016207067 held at Eswatini Central Bank; E200,062.72 and E1,731,859.55, respectively.

3) Misstatement of Liabilities

Misstatements of Liability Balances

The Consolidated Fund was reported as a negative balance of **E13,464,669,283.85** while the account held at Central Bank of Eswatini shows a positive balance. The negative balance offsets balances in both the Detailed Statement of Liabilities and the Consolidated Statement of Assets and Liabilities. This does not conform to the accounting equation which requires that assets should always be equal to a sum of capital funds and liabilities.

Further, liability balances were misstated by **E3,081,789,670.00** in the Financial Statements, due to non-reconciliation.

4) Misstatement of Capital Expenditure

Undisclosed Capital Expenditure

An amount of **E402,205,813.78** was not captured in the Statement of Detailed Capital Expenditure for the financial year ended 31st March 2020 and was neither accounted for by the Accountant General; hence, these capital project expenditures were omitted. This error resulted in an understatement of capital expenditure, as a result the Statement of Surplus and Deficit Account and the Detailed Statement of Capital Expenditure did not show all funds received and disbursed in the financial year.

Emphasis of Matters

Without qualifying the accounts, I draw attention to the presentation and disclosures in the Financial Statements which reflect an unstandardised financial reporting practice. The current financial reporting practice does not conform to any internationally recognised financial reporting framework and does not present the Government

Accounts (Financial Statements) fairly in some accounting areas. My opinion is not modified in respect of this matter. In my previous audit report, I emphasized that Consolidated Annual Accounts of the Government of the Kingdom of Eswatini should have been prepared in accordance with International Public Sector Accounting Standards as required in Section 10 (1) (c) of the Public Finance Management Act, 2017.

Further, I drew the attention of the Accountant General and Principal Secretary of the Ministry of Finance, that it is now a norm for Ministries, Departments and Agencies to spend beyond the appropriated budget by Parliament and/or on activities that have no budget provision, and to incur expenditure without seeking approval from the relevant authorities.

I observed an unauthorised expenditure of **E1,005,148,423.03**, over expenditure on recurrent vote of E194,794,379.34 and capital expenditure of E810,354,043.69; an unauthorised budgets of **E152,071,157.00**; uncaptured budgets of **E210,669,470.00**; and abolished Ministries and Departments were allocated budgets of **E57,360,038.00**. Both unauthorised expenditures and budgets are not only unlawful but also result in serious repercussions in the entire fiscal budget (position); hence, they should be discouraged.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the Financial Statements of the current period. These matters were addressed in the contents of my audit of the Financial Statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Other Matters

There were issues of deficiencies in budgetary controls, non-compliance with laws and regulations, and lack of adherence to budgetary requirements and spending authorities. As I observed in the previous audit report, the operation of Central Transport Administration (CTA) Trading Account continued to spend funds without a budget limit. This allowed the department to spend public funds without following the formal budgetary requirements and spending authorities. As a result, in the financial year ended 31st March 2020, an amount of **E640,338,169.08** was spent by the CTA without a specifically approved budget, appropriated by Parliament, and included in the Budget Estimates Book. This contravened Financial and Accounting Instruction number 0101.

Responsibilities of Management and those Charged with Governance for the Financial Statements

Management of the Ministry of Finance and Treasury Department is responsible for the preparation and fair presentation of the Consolidated Government Financial Statements (Annual Accounts), which were prepared in accordance with Generally Accepted Accounting Principles, and for such internal controls as management determines is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, management is responsible for assessing the ability of Government of the Kingdom of Eswatini to continue to achieve sustainability in providing essential services to the public, and disclosing, as applicable, matters related to the sustainability. Those charged with governance are responsible for overseeing the government's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an audit report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards for Supreme Audit Institutions will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit in accordance with International Standards for Supreme Audit Institutions, I exercise professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my audit report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
- Provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the Financial Statements of the current period and are therefore the key audit matters. I describe these matters in my audit report unless laws or regulations preclude public disclosure about the matter or, when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In addition to the requirement to express an opinion on the Consolidated Government Accounts, I am also required by Section 87 sub-section 7 of the Public Finance Management Act, 2017 to complete a compliance and value for money audit of all borrowed funds as specified in Regulations. My audit report on all borrowed funds is included in this report.



T. S. Matsebula
Auditor General - Kingdom of Eswatini

3. CONSOLIDATED GOVERNMENT ACCOUNTS

APPENDIX 1

3.1. CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES AS AT 31ST MARCH 2020

ASSETS	(E)
Bank Accounts	751,237,514.88
Cash Accounts	224,987,847.45
Employee Advances	404,235,601.75
Ministry & Departmental Advances	122,649,232.24
Other Advances	13,398.75
Sundry Investment	2,808,587,383.93
Other Investments	610,086,263.15
Other Investments	8,874,738.27
Treasury Bills	20,741,018.49
Capital Funds Specified	59,803,696.35
Capital Funds Other	2,683,139.99
Capital Funds Specified	28,353,197.96
Sundry Deposits	896,599,569.03
Customs	50,355.52
Special Funds	1,410,815,826.56
AccruedLiabilities	314,550,868.11
Reserves	135,163,370.49
Treasury Bills	746,000,000.00
Special Funds continued	418,298.39
Trading Accounts	166,230,757.52
TOTAL	8,712,082,078.83

LIABILITIES	(E)
Capital Funds Specified	178,534,423.39
Capital Fund-Other	48,473,876.63
Capital Funds Specified – continued	7,093,082,532.50
Accounts Payable	2,209,257,219.40
Sundry Deposits	643,930,095.01
Special Fund	1,970,548,729.99
Accrued Liabilities and Deductions	111,466,422.14
Reserves	1,345,661,236.70
Treasury Bills	1,640,197,234.16
Government Stock	1,355,146,439.67

LIABILITIES	(E)
Special Fund Cont.	287,612,558.17
Special Fund Cont.	91,744,901.54
Consolidated Fund	-13,464,669,283.85
Trading accounts-Sundry	721,716,406.80
Bank Accounts	2,737,963,171.92
Cash Account	1,367,069,290.24
Employee Advance	11,934,786.75
Ministry Department Advance	16,462,941.82
Other Advances	6,750,000.00
Sundry Investments	331,200,375.18
Other Investments	7,998,720.67
TOTAL	8,712,082,078.83

Public Debt as at 31st March 2020 amounted to **E22,856,892,108.88**

Contingent Liabilities as at 31st March 2020 amounted to **E3,123,900,394.68**

THE STATEMENT DOES NOT REFLECT THE FOLLOWING INVESTMENTS HELD BY THE SWAZILAND GOVERNMENT

1. 160 Shares of one Lilangeni in AON Swaziland Insurance Brokers LTD.
2. 5,506,234 Shares of fifty cents each in Ned Bank.
3. 3,651,187 Shares of one Lilangeni each in Standard Bank.
4. 6,262,511 Shares of one Lilangeni each in Royal Swaziland Sugar Corporation.
5. 2,401 Shares of one Lilangeni each in S.E.D.C.O.
6. 600,000 Shares of one Lilangeni each in Swazi Can.
7. 615,000 Shares of one Lilangeni each in S.R.I.C.
8. 7,580,000 class "A" Shares of one Lilangeni each in S.I.D.C.
845,000 class "B" Shares of one Lilangeni each in S.I.D.C.
9. 54,861,000 Shares of one Lilangeni each in Swazi Bank.
10. 220 Shares of \$1000 each in International Finance Corporation.
11. 18 Shares of \$10 000 each in A.D.B.
12. 132 Subscription shares of \$1 000 each in the International Bank for Reconstruction and Development.
13. 750 Shares of one Lilangeni each in R.S.N.A.C.
14. 320 Subscription shares of \$1000 each in International Development Association.
15. 1,250,000 shares of one cent each in Maloma Colliery Limited.

16. 300 shares of one Lilangeni each in MSNP
17. 1000 shares of one Lilangeni each in Eswatini Development Finance Corporation
18. 7449 shares of \$100 each in Africa Reinsurance Corporation.

NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES

1. Equity for Trust Funds is **E345,796,766.17** and is included in the Sundry Investments under Assets.
2. Total pure consolidated fund amounting to **E13,464,669,283.85** does not reflect a true position hence it is still under reconciliation.
3. Total Payables for the year amount to **E5,122,012,894.63**

APPENDIX 5

3.2. STATEMENT OF SURPLUS AND DEFICIT AS AT 31st MARCH 2020

	(E)	<u>CAPITAL FUND</u>	(E)
Balance b/d 01/04/19	208,997,374.02		
Receipts	985,004,373.80		
Pure local funds	2,281,847,848.49		
	3,475,849,596.31		
Direct receipts	<u>159,461.57</u>	Direct Expenditure	159,461.57
	3,476,009,057.88	Capital	
		Expenditure	3,258,768,803.61
		Balance as at 31/03/20	217,080,792.70
	<hr/>		<hr/>
	<u>3,476,009,057.88</u>		<u>3,476,009,057.88</u>
	<u>CONSOLIDATED FUND</u>		
Revenue	17,316,865,849.26	Balance as at 01/04/2019	11,308,594,834.26
Balance c/f		Recurrent Expenditure	17,191,092,450.36
31/03/2020	13,464,669,283.85	Local Fund Capital	
	<hr/>	Contribution	2,281,847,848.49
	<u>30,781,535,133.11</u>		<hr/>
			<u>30,781,535,133.11</u>

Notes:

1. Opening balance of E11,405,854,946.62 consolidated Reserves was adjusted by E97,260,112.36 being payments charged to the consolidated fund but not paid to suppliers in past five years.
2. Opening balance of E227,723,026.31 on Capital Fund has been adjusted by the Capital Expenditure on Foreign Component that was classified under local component and Procurement of Ambulance E18,090,652.29 and Manzini Autism E635,000.00 for the year 2018/2019 amounting to E18,725,652.29.
3. E25.00 was erroneously receipted by Ministry of Health under Micro-Project Small Scale item 60179.

APPENDIX 10

3.3. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 31st MARCH 2020

BALANCE IN HAND AS AT 1 ST APRIL 2019	(E)	BALANCE OVERDRAWN AS AT 1 ST APRIL 2019	(E)
Sikhuphe/Swd International Project	0.50	Capital investment fund	20,993,267.88
Purchase of Furniture For School Science Lab	3,217,466.34	National Elections	515,058.74
Installation of Solar Power Light System	17,707,509.72	Health Services Dev Cs/swz/h012	400.00
Purchase of Furniture For Technical Subjects	3,877,537.92	Fuel Marking and quality assurance	16,317,241.17
Purchase Of Learning Material Special Education	1,196,426.50	Ethanol Blending	2,751,709.74
Rural Electrification 111 (Taiwan)	127,286,280.00	A.D.B. Loan Manzini Mbabane Road	500,000.00
Purchase of Furniture for Primary Schools	1,424,284.65	Computerisation of central motor registry	1,560,879.04
Purchase of Computers for Schools	4,890,420.25	Procurement of Digital Color Printing & Production	6,793,308.18
SRA document management systems	13,856,532.84	Construction of School Computer Labs	2,068,800.00
Distance & Continuing Education Programme	839,888.85	Ntandozi Community Botanical Gardens	521,492.20
Procurement of Water Tanks for Schools	1,585,156.36	Procurement Of Computers and printers for Fire services	415,120.23
Procurement of Ambulances	697,330.35	Water Supply to Schools	49.86
Mobile Commerce Solution	500,000.00	Procurement of Bush Tenders	7,239,028.31
Computerisation of trading licences management system	820,197.58	Procurement of communication eqyip & promotion items	88,725.22
Cataloguing of ROC of SWD Co-operation	260,430.82	SADC Summit	9,522,509.70
Procurement of Scuba Diving Equipment	108,469.22	Small holder dairy production	143,285.22
Correctional Services	5,096,500.00	Restatement of Opening Balance note 1	18,725,652.29
Swazi TV- Purchases of Cameras	259,712.89		
Construction of VIP Toilets in Rural Schools	384,488.70		
Setting up RSP's Computer Lab Library	4,625,381.16		
Rehabilitation of Gcina Barracks	2,058,171.00		
Purchase of Royal Guard Military Band	1,230,660.00		
Ministry of Foreign Affairs Reception & Guest Room	3,402,909.99		
Donation (Transportation of Beds and Mosquito Nets)	1,434,645.00		
Purchase of IT Equipment & Accessories (Rote Corp)	4,621,948.74		
Indoor Music Instruments	614,725.80		

BALANCE IN HAND AS AT 1ST APRIL 2019	(E)	BALANCE OVERDRAWN AS AT 1ST APRIL 2019	(E)
Digital Orthophoto Mapping for SWD Surveyor General	2,543,233.60		
Procurement of Steel Bunk Beds	138,903.00		
Rehabilitation of the SWD National Handicraft Centre- Commerce	2,922,740.94		
Procurement of Furniture & Training Equipment-Public Service	3,780,219.66		
Automated Case Management System for SWASA Commerce	688,436.00		
Procurement of Office Equipment & Internet to Upgrade Parliament	685,938.99		
Rehabilitation of Codec	967,442.72		
Procurement of two (2) RIV's for Fire & Emergency	281,493.53		
Procurement of Four (4) Ambulances for Fire & Emergency	278,448.49		
Procurement of Desktops Computers & Laptop for Government	2,341,092.81		
Construction of Computer Labs in Rural Schools	3,077,881.44		
Rural Electrification	13,988,634.64		
Diplomatic Directory Printing	1,839,195.71		
Installation of Solar Power Light System	9,989,155.08		
Construction of Rural Solar Street Lighting	5,817,240.00		
Procurement of Computers and printers for Rural Schools	991,611.27		
Support for Umhlanga Accident Victims	1,316,512.80		
Construction of Retirement Home for Elderly persons	152,841.50		
Computerisation of Tinkhundla Centres	2,854,151.64		
Procurement of Equip for Production of Diplomatic	3,457,873.00		
JA -Junior Archivers SWD Capacity	362,705.29		
Procurement of equip & constr. Of fish hatchery	1,117,749.87		
Procurement of Uniforms for Royal close protection	720,044.83		
Procurement of Ceremonial Uniform - RSP	289,841.26		
Procurement of office Equipment for Government	1,150,322.96		
Biotechnology	15,271,128.15		
Renovation and Expansion of Mpisi Pig breeding station	2,809,759.83		

BALANCE IN HAND AS AT 1ST APRIL 2019	(E)	BALANCE OVERDRAWN AS AT 1ST APRIL 2019	(E)
Automation & Expansion of six(6)Immigration Service Centres	1,475,969.77		
Procurement of Equipment for the Military Police	89,948.21		
Procurement of ambulances and mortuary vehicles	454,235.57		
Procurement of solid waste management plant	425,340.31		
Water and Sanitation Project- Nkhungwini, Mhlaleni & Ntfontjeni	1,145,200.45		
Installation of Solar Power Light System	1,512,437.33		
Lighting & Borehole pump Malkerns Research	1,478,772.66		
Rollout solar powered water pumping system	6,217,315.02		
Manzini Autism Réhabilitation & Respite Centre	1,674,343.98		
Siteki Civic Center Completion	120,626.87		
Construction of Mankayane main market	20,068.99		
Upgrading and Expansion of Govt network	535,878.15		
Procurement of Hydraulic lift	172,090.30		
	297,153,901.80		88,156,527.78

CAPITAL FUND			
RECEIPTS DURING THE YEAR	(E)	PAYMENTS DURING THE YEAR	(E)
Local Funds	2,281,847,848.49	Local Funds	2,281,847,848.49
Networking of Tinkhundla Centres-G60670(100%)	2,487,377.02	Rural Electrification VI	22,697,187.04
Rural Electrification-F03070	22,606,760.00	Development of a document management system	3,400,729.44
Technical Support for Testing Laboratories accreditation standardization and metrology (conference meeting venues and refreshments)	-	Networking of Tinkhundla Centres	811,192.09
Enhancing Junior Achievement - M35770	888,582.00	Enhancing Junior Achievers SD Capacity	873,554.33
Cooperation in energy and mineral resources exploitation -F02070	5,006,031.20	Manzini-Mphandze MR3 Lot1	100,393,575.87
Expansion of Matsapha inland Clearance Depot ICD/Dry Port Feasibility Study and engineering designs at Swd Railway-T52370	2,580,576.00	Water and Sanitation for Nkhungwini, Mhlangeni and Ntfontjeni	1,104,000.00
		Smallholder Market LED Production Project	26,141,666.00
Manzini-Mphandze MR3 Lot1	100,393,575.87	Lower Usuthu II Extension- Downstream Development	201,112,909.00

CAPITAL FUND			
RECEIPTS DURING THE YEAR	(E)	PAYMENTS DURING THE YEAR	(E)
Development of a document management system	3,400,729.44	Construction of an International Convention Centre & Five Star Hotel	3,500,151.23
Smallholder Market LED Production Project	26,141,666.00	Five Star Hotel (FISH)	494,527,610.28
Lower Usuthu II Extension-Downstream Development	201,112,909.00	Rehabilitation of Mbabane Government Hospital	43,018,624.64
Construction of an International Convention Centre & Five Star Hotel	3,500,151.23	Manzini Golf Course Interchange	311,430.62
Five Star Hotel (FISH)	494,527,610.28	Water Harvesting, Small and Medium Dams	1,439,231.65
Rehabilitation of Mbabane Government Hospital	43,018,624.64	Ezulwini Water Supply & Sewerage	77,589,092.93
Manzini Golf Course Interchange	311,430.62		
Water Harvesting, Small and Medium Dams	1,439,231.65		
Ezulwini Water Supply & Sewerage	77,589,092.93		
	3,266,852,196.37		3,258,768,803.61
Estimated Direct Receipts	159,461.67	Estimated Direct Payments	159,461.67

BALANCE OVERDRAWN AS AT 31ST MARCH 2020	(E)	BALANCE IN HAND AS AT 31ST MARCH 2020	(E)
Capital investment fund	20,993,267.88	Sikhuphe/Swd International Project	0.50
National Elections	515,058.74	Purchase of Furniture For School Science Lab	3,217,466.34
Health Services Dev Cs/swz/h012	400.00	Installation of Solar Power Light System	17,707,509.72
Fuel Marking and quality assurance	35,043,259.99	Purchase of Furniture For Technical Subjects	3,877,537.92
Ethanol Blending	2,751,709.74	Purchase Of Learning Material Special Education	1,196,426.50
A.D.B. Loan Manzini Mbabane Road	500,000.00	Rural Electrification 111 (Taiwan)	127,286,280.00
Computerisation of central motor registry	1,560,879.04	Purchase of Furniture for Primary Schools	1,424,284.65
Procurement of Digital Color Printing & Production	6,793,308.18	Purchase of Computers for Schools	4,890,420.25
Construction of School Computer Labs	2,068,800.00	SRA document management systems	13,856,532.84
Ntandozi Community Botanical Gardens	521,492.20	Distance & Continuing Education Programme	839,888.85
Procurement Of Computers and printers for Fire services	415,120.23	Procurement of Water Tanks for Schools	1,585,156.36
Water Supply to Schools	49.86	Procurement of Ambulances	1,332,696.88
Procurement of Bush Tenders	7,239,028.31	Mobile Commerce Solution	500,000.00
Procurement of communication eqyip & promotion items	88,725.22	Micro projects small scale	25.00
SADC Summit	9,522,509.70	Computerisation of trading licences mangt syst	820,197.58

BALANCE OVERDRAWN AS AT 31ST MARCH 2020	(E)	BALANCE IN HAND AS AT 31ST MARCH 2020	(E)
Small holder dairy production	143,285.22	Cataloguing of ROC of SWD Co-operation	260,430.82
		Procurement of Scuba Diving Equipment	108,469.22
		Correctional Services	5,096,500.00
		Swazi TV- Purchases of Cameras	259,712.89
		Construction of VIP Toilets in Rural Schools	384,488.70
		Setting up RSP's Computer Lab Library	4,625,381.16
		Rehabilitation of Gcina Barracks	2,058,171.00
		Purchase of Royal Guard Military Band	1,230,660.00
		Ministry of Foreign Affairs Reception & Guest Room	3,402,909.99
		Donation (Transportation of Beds and Mosquito Nets)	1,434,645.00
		Purchase of It Equipment & Accessories (Rote Corp)	4,621,948.74
		Indoor Music Instruments	614,725.80
		Digital Orthophoto Mapping for SWD Surveyor General	2,543,233.60
		Procurement of Steel Bunk Beds	138,903.00
		Rehabilitation of the SWD National Handicraft Centre-Commerce	2,922,740.94
		Procurement of Furniture & Training Equipment-Public Service	3,780,219.66
		Automated Case Management System for SWASA Commerce	688,436.00
		Procurement of Office Equipment & Internet to Upgrade Parliament	685,938.99
		Rehabilitation of Codec	919,881.54
		Procurement of two (2) RIV's for Fire & Emergency	281,493.53
		Procurement of Four (4) Ambulances for Fire & Emergency	278,448.49
		Procurement of Desktops Computers & Laptop for Government	2,341,092.81
		Construction of Computer Labs in Rural Schools	3,077,881.44
		Rural Electrification	13,898,207.60
		Diplomatic Directory Printing	1,839,195.71
		Installation of Solar Power Light System	9,989,155.08
		Construction of Rural Solar Street Lighting	5,817,240.00
		Procurement of Computers and Printers for Rural Schools	991,611.27
		Support for Umhlanga Accident Victims	1,316,512.80
		Construction of Retirement Home for Elderly Persons	152,841.50
		Computerisation of Tinkhundla Centres	4,530,337.07
		Rehabilitation of Codec phase2	47,561.18

BALANCE OVERDRAWN AS AT 31ST MARCH 2020	(E)	BALANCE IN HAND AS AT 31ST MARCH 2020	(E)
		Procurement of Equip for Production of Diplomatic	3,457,873.00
		JA -Junior Archivers SWD Capacity	377,732.96
		Procurement of equip & constr. Of fish hatchery	1,117,749.87
		Procurement of Uniforms for Royal close protection	720,044.83
		Procurement of Ceremonial Uniform-RSP	289,841.26
		Procurement of office Equipment for Gov of SWD	1,150,322.96
		Biotechnology	15,271,128.15
		Renovation and Expansion of Mpisi Pig breeding station	2,809,759.83
		Automation & Expansion of six(6)Immigration Service Centres	1,475,969.77
		Procurement of Equipment for the Military Police	89,948.21
		Procurement of Ambulances And Mortuary vehicles	454,235.57
		Procurement of Solid Waste Management Plant	425,340.31
		Water and Sanitation Project-Nkhungwini, Mhlaleni & Ntfontjeni	41,200.45
		Installation of Solar Power Light System	1,512,437.33
		Lighting & Borehole Pump Malkerns Research	1,478,772.66
		Rollout Solar Powered Water Pumping System	6,217,315.02
		Manzini Autism Rehabilitation & Respite Centre	1,039,343.98
		Siteki Civic Center Completion	120,626.87
		Construction of Mankayane main market	20,068.99
		Upgrading and Expansion of Govt network	535,878.15
		Procurement of Hydraulic Lift	172,090.30
		Expansion of Matsapha Inland clearance depot	2,580,576.00
		Co-operation in Energy & mining Resources Exploit	5,006,031.62
	88,156,894.31		305,237,687.01
	3,652,162,992.48		3,652,163,018.40

Notes:

1. Opening balance of E227,723,026.31 on Capital Fund has been adjusted by the Capital Expenditure on Foreign Component that was classified under local component and Procurement of Ambulance E18,090,652.29 and Manzini Autism E635,000.00 for the year 2018/2019 amounting to E18,725,652.29.
2. E25.00 was erroneously receipted by Ministry of Health under Micro-Project Small Scale item 60179.

APPENDIX 11

3.4. STATEMENT OF PUBLIC DEBT FOR THE YEAR ENDED 31st MARCH 2020

EXTERNAL DEBT AS AT 31ST MARCH 2020

Financier	Loan Name	Loan No.	Currency	Hedging Status	Opening Balance as at 31/03/2019 (FX)	Principal payment FX)	Interest Payment (FX)	Total Disbursement (FX)	Closing Balance as at 31/03/2020 (FX)	Spot rate (31/03/2020)	Closing Balance as at 31/03/2020 (E)	Particulars of Payments
ABU DHABI	Manzini-Mbadlane	1207	AED	Unhedged	33,230,242.85	2,824,000.00	473,743.64	0.00	30,406,242.85	4.8437	147,278,718.49	Capital and interest repayable in 26 consecutive semi-annual instalments commencing 2015-2031
ADB	Ezulwini Water Supply and Sanitation	2000130 011982	USD	Unhedged	12,268,896.15	0.00	363,205.98	5,336,666.19	17,605,562.34	18.0162	317,185,332.23	Capital and interest repayable in 30 constant and semi-annual instalments commencing 2014-2034
ADB	Manzini-Mbadlane	2000130 011930	USD	Unhedged	23,533,270.66	0.00	733,996.93	2,957,244.62	26,490,515.28	18.0162	477,258,421.39	Commencing 2014-2034
ADB	Manzini-Mbadlane Interchange	2000200 003302	USD	Unhedged	0.00	0.00	75,466.94	119,809.20	119,809.20	18.0162	2,158,506.51	Capital repayable in 34 equal and consecutive semi-annual instalments from 2027-2044
ADB	Mafutseni-Mliba Road CHF	2100150 000921	CHF	Hedged	251,267.40	13,959.30	1,875.48	0.00	237,308.10	18.7204	4,442,502.56	Repayment of Principal is 1% from 11th to 20th year inclusive and 3% thereafter. Interest is 0.75% of outstanding loan commencing from 1987-2037.
ADB	Mafutseni-Mliba Road EUR	2100150 000921	EUR	Hedged	616,881.17	34,271.22	4,605.13	0.00	582,609.95	19.8194	11,546,979.64	Commencing 1987-2037
ADB	Mafutseni-Mliba Road DKK	2100150 000921	DKK	Hedged	1,247,882.75	69,326.82	9,403.28	0.00	1,178,555.93	2.6281	3,097,362.84	Commencing 1987-2037
ADB	Mafutseni-Mliba Road JPY	2100150 000921	JPY	Hedged	9,093,945.43	505,220.00	67,889.00	0.00	8,588,725.43	6.0151	1,427,860.79	Commencing 1987-2037

Financier	Loan Name	Loan No.	Currency	Hedging Status	Opening Balance as at 31/03/2019 (FX)	Principal payment FX)	Interest Payment (FX)	Total Disbursement (FX)	Closing Balance as at 31/03/2020 (FX)	Spot rate (31/03/2020)	Closing Balance as at 31/03/2020 (E)	Particulars of Payments
ADB	Mafutseni-Mliba Road NOK	2100150000921	NOK	Hedged	1,527,919.20	84,884.40	11,408.98	0.00	1,443,034.80	1.7070	2,463,260.40	Commencing 1987-2037
ADB	Mafutseni-Mliba Road SEK	2100150000921	SEK	Hedged	690,923.52	38,384.64	5,159.05	0.00	652,538.88	1.7940	1,170,654.75	Commencing 1987-2037
ADB	Mafutseni-Mliba Road USD	2100150000921	USD	Hedged	714,947.71	39,719.34	5,336.00	0.00	675,228.37	18.0162	12,165,049.36	Commencing 1987-2037
ADB	Education 1 CHF	2100150000924	CHF	Hedged	1,404,106.46	55,063.00	10,495.00	0.00	1,349,043.46	18.7204	25,254,633.19	Commencing 1994-2044
ADB	Education 1 EUR	2100150000924	EUR	Hedged	4,196,084.91	164,552.10	31,367.48	0.00	4,031,532.81	19.8194	79,902,561.37	Commencing 1994-2044
ADB	Education 1 JPY	2100150000924	JPY	Hedged	325,746,385.00	12,774,368.00	2,435,335.00	0.00	312,972,017.00	6.0151	52,031,058.00	Commencing 1994-2044
ADB	Education 1 USD	2100150000924	USD	Hedged	935,528.70	36,687.40	6,992.40	0.00	898,841.30	18.0162	16,193,704.63	Commencing 1994-2044
ADB	Education 1 GBP	2100150000924	GBP	Hedged	233,795.21	9,168.44	1,747.25	0.00	224,626.77	22.1911	4,984,715.12	Commencing 1994-2044
ADB	Road Rehabilitation Study JPY	2100150000926	JPY	Hedged	348,375,195.30	16,993,912.00	2,602,512.00	0.00	331,381,283.30	6.0151	55,091,566.77	Commencing 1989-2039
ADB	Road Rehabilitation Study USD	2100150000926	USD	Hedged	857,406.17	41,824.70	6,403.04	0.00	815,581.47	18.0162	14,693,678.88	Commencing 1989-2039
ADB	Road Network Studies	2100150000928	USD	Hedged	931,176.20	50,333.84	0.00	0.00	880,842.36	18.0162	15,869,432.13	Commencing 1987-2037
ADB	Mbabane-Mhlambanyatsi Road JPY	2100150000925	JPY	Hedged	2,089,226.59	107,140.00	15,605.00	0.00	1,982,086.59	6.0151	329,518.48	Commencing 1988-2038
ADB	Mbabane-Mhlambanyatsi Road USD	2100150000925	USD	Hedged	3,826,001.01	196,205.18	28,565.99	0.00	3,629,795.83	18.0162	65,395,127.63	Commencing 1988-2038
ADB	Transport Sector Project CHF	2100150000927	CHF	Hedged	67,568.89	2,815.38	504.94	0.00	64,753.51	18.7204	1,212,211.61	Commencing 1993-2043
ADB	Transport Sector Project EUR	2100150000927	EUR	Hedged	2,937,081.00	122,378.36	21,952.65	0.00	2,814,702.64	19.8194	55,785,717.50	Commencing 1993-2043

Financier	Loan Name	Loan No.	Currency	Hedging Status	Opening Balance as at 31/03/2019 (FX)	Principal payment FX)	Interest Payment (FX)	Total Disbursement (FX)	Closing Balance as at 31/03/2020 (FX)	Spot rate (31/03/2020)	Closing Balance as at 31/03/2020 (E)	Particulars of Payments
ADB	Transport Sector Project JPY	2100150 000927	JPY	Hedged	151,862,122.00	6,327,588.00	1,135,131.00	0.00	145,534,534.00	6.0151	24,194,865.26	Commencing 1993-2043
ADB	Transport Sector Project USD	2100150 000927	USD	Hedged	4,461,296.47	185,887.36	33,337.50	0.00	4,275,409.11	18.0162	77,026,625.61	Commencing 1993-2043
ADB	Mkhondvo-Mahamba Road 922	2100150 000922	USD	Hedged	2,483,847.89	160,248.26	18,523.09	0.00	2,323,599.63	18.0162	41,862,435.65	Commencing 1984-2034
ADB	Mkhondvo-Mahamba Road 923	2100150 000923	USD	Hedged	2,472,123.22	247,212.28	18,378.38	0.00	2,224,910.94	18.0162	40,084,440.48	Commencing 1984-2034
ADB	NTF KOMATI Downstream Development Project	2200160 000131	USD	Unhedged	4,016,704.31	422,810.98	158,984.50	0.00	3,593,893.33	18.0162	64,748,301.01	Commencing 2008-2023
ADB	Mbabane Bypass Road	2000130 000118	ZAR	Unhedged	113,019,023.18	22,603,804.63	11,163,916.94	0.00	90,415,218.55	1.0000	90,415,218.55	Commencing 2008-2024
ADB	KOMATI Downstream Development Project	2000130 000083	ZAR	Unhedged	37,605,279.40	8,356,728.78	2,899,043.07	0.00	29,248,550.62	1.0000	29,248,550.62	Commencing 1978-2019
ADB	Two International Roads (Supplementary Loan)	2000130 000016	ZAR	Unhedged	18,691,858.49	7,476,743.40	1,480,597.99	0.00	11,215,115.09	1.0000	11,215,115.09	Capital and interest repayable in 30 consecutive semi-annual instalments commencing 2006-2021
ADB	Lower Usuthu Smallholder Irrigation Project	2000130 000330	ZAR	Unhedged	33,091,720.28	6,618,344.08	2,452,114.97	0.00	26,473,376.20	1.0000	26,473,376.20	Capital and interest repayable in 30 consecutive semi-annual instalments commencing 2009-2024
ADB	Lower Usuthu Smallholder Irrigation Project II	2000200 000002	ZAR	Unhedged	304,404,060.92	0.00	13,641,197.57	201,111,909.20	505,515,970.12	1.0000	505,515,970.12	
BADEA	Lower Usuthu Smallholder Irrigation Project	02-02-03	USD	Unhedged	8,107,999.94	552,000.00	159,719.18	0.00	7,555,999.94	18.0162	136,130,406.12	Capital and interest repayable in 40 semi-annual instalments commencing 2003-2031

Financier	Loan Name	Loan No.	Currency	Hedging Status	Opening Balance as at 31/03/2019 (FX)	Principal payment FX)	Interest Payment (FX)	Total Disbursement (FX)	Closing Balance as at 31/03/2020 (FX)	Spot rate (31/03/2020)	Closing Balance as at 31/03/2020 (E)	Particulars of Payments
BADEA	Skhuphe Access Road	01-10-99	USD	Unhedged	5,032,258.62	326,000.00	123,541.22	0.00	4,706,258.62	18.0162	84,788,896.55	Capital and interest repayable in 36 consecutive and semi-annual payments commencing 2006-2032
BADEA	Manzini-Mbadlane	01-10-99	USD	Unhedged	7,231,256.26	222,000.00	180,551.91	0.00	7,009,256.26	18.0162	126,280,162.63	Capital and interest repayable in 36 consecutive semi-annual instalments commencing 2015-2038
BADEA	Sicunusa-Nhlangano	01-10-99	USD	Unhedged	5,168,574.74	384,000.00	127,547.50	0.00	4,784,574.74	18.0162	86,199,855.43	Commencing 2009-2034
CPD ITALY	Rehabilitation of East-West Line	02/001/00	EUR	Hedged	9,440,954.64	0.00	19,828.80	0.00	9,440,954.64	19.8194	187,114,056.39	Commencing 2002-2040
CPD ITALY	Rehabilitation of East-West Line	99/011/00	EUR	Unhedged	757,493.88	0.00	1,893.76	0.00	757,493.88	19.8194	15,013,074.21	Commencing 2002-2040
DBSA	Lower Usuthu Smallholder Irrigation Project	13606/102	ZAR	Unhedged	45,221,963.51	3,982,124.81	6,193,340.88	0.00	41,239,838.70	1.0000	41,239,838.70	Capital and interest repayable in 32 consecutive semi-annual instalments commencing 2003-2017
EIB	Human Resource Development	80294	EUR	Hedged	1,735,539.66	165,831.02	4,600.59	0.00	1,569,708.64	19.8194	31,110,683.42	Capital and interest repayable in 60 semi-annual instalments commencing 1978-2018
EIB	Lower Usuthu Smallholder Irrigation Project	21990	EUR	Unhedged	5,351,381.53	1,528,966.16	178,041.88	0.00	3,822,415.37	19.8194	75,757,979.18	Capital and interest repayable in 30 semi-annual instalments commencing 2003-2022
EIB	Vocational Training	80206	USD	Hedged	605,627.08	91,139.28	4,714.52	0.00	514,487.80	18.0162	9,269,115.10	Capital and interest repayable in 60 semi-annual instalments commencing 1986-2026
EXIM BOI	LOC USD20 Million	HOLCGU SD00000356	USD	Unhedged	11,998,857.53	2,666,452.00	354,350.25	0.00	9,332,405.53	18.0162	168,134,484.51	Capital and interest repayable in 20 consecutive and semi-annual payments ending in 2023

Financier	Loan Name	Loan No.	Currency	Hedging Status	Opening Balance as at 31/03/2019 (FX)	Principal payment FX)	Interest Payment (FX)	Total Disbursement (FX)	Closing Balance as at 31/03/2020 (FX)	Spot rate (31/03/2020)	Closing Balance as at 31/03/2020 (E)	Particulars of Payments
EXIM BOI	LOC USD37.9 Million	HOLCGU SD00000 374	USD	Unhedged	13,488,873.09	5,830,769.22	672,961.37	0.00	7,658,103.87	18.0162	137,969,930.94	Capital and interest repayable in 13 consecutive and semi-annual payments ending in 2021
EXIM BOC	International Convention Centre	6020408 001	USD	Unhedged	69,025,000.00	0.00	3,093,877.47	0.00	69,025,000.00	18.0162	1,243,568,205.00	Capital and interest repayable in 40 consecutive and equal semi-annual instalments commencing 2021-2041
EXIM BOC	Five Star Hotel	6020408 002	USD	Unhedged	56,000,000.00	0.00	3,382,917.95	34,000,000.00	90,000,000.00	18.0162	1,621,458,000.00	Capital and interest repayable in 40 consecutive and equal semi-annual instalments commencing 2022-2042
HAMBROS	Maguga Dam HAMBROS	HAMBROS	ZAR	Unhedged	150,000,000.00	0.00	20,250,000.01	0.00	150,000,000.00	1.0000	150,000,000.00	Pay interest semi-annually until 2027
IBRD	Health HIV/AIDS and TB	80190	USD	Unhedged	16,656,150.35	1,384,130.51	553,318.85	0.00	15,272,019.84	18.0162	275,143,763.84	Capital and interest repayable in 30 semi-annual and consecutive payments commencing 2011-2030
IBRD	Local Government	80030	USD	Unhedged	22,242,684.64	1,851,399.48	8,736,288.77	0.00	20,391,285.16	18.0162	367,373,471.70	Capital and interest repayable in 30 semi-annual and consecutive payments commencing 2011-2030
ICDF	Lower Usuthu Smallholder Irrigation Project	SWZ-01-0511	USD	Unhedged	2,058,812.00	294,116.00	70,428.52	0.00	1,764,696.00	18.0162	31,793,116.08	Capital and interest repayable in 34 consecutive semi-annual instalments commencing 2003-2026
IFAD	Smallholder Market-led Project	2000001 12600	EUR	Unhedged	2,697,880.55	0.00	28,807.78	700,109.07	3,397,989.62	19.8194	67,346,115.47	Capital and interest repayable in 36 constant and semi-annual payments commencing 2016-2036
IFAD	Lower Usuthu Smallholder Irrigation Project	L-I-574-SZ	XDR	Unhedged	1,907,148.97	874,493.64	29,535.48	0.00	1,032,655.33	24.6914	25,497,705.82	Capital and interest repayable in 30 equal and semi-annual payments commencing 2003-2022

Financier	Loan Name	Loan No.	Currency	Hedging Status	Opening Balance as at 31/03/2019 (FX)	Principal payment FX)	Interest Payment (FX)	Total Disbursement (FX)	Closing Balance as at 31/03/2020 (FX)	Spot rate (31/03/2020)	Closing Balance as at 31/03/2020 (E)	Particulars of Payments
IFAD	Rural Finance	L-I 764-SZ	XDR	Unhedged	2,198,432.62	219,844.00	36,084.25	0.00	1,978,588.62	24.6914	48,854,123.05	Capital and interest repayable in 30 equal and semi-annual payments commencing 2010-2028
IFAD	IFAD-FINCLUE	2000002 47100	USD	Unhedged	0.00	0.00	1,694.44	400,000.00	400,000.00	18.0162	7,206,480.00	Capital and interest repayable in 30 equal and semi-annual payments commencing 2022-2037
JICA	Northern Main Roads MR5 & MR6 SW-P1	SW-P1	JPY	Hedged	2,697,188,000.00	201,724,000.00	49,500,239.00	0.00	2,495,464,000.00	6.0151	414,866,585.76	Capital and interest repayable in 30 consecutive semi-annual instalments commencing 2001-2031
KFW	Rehabilitation of Hlathikhulu Hospital	1988659 17	EUR	Hedged	1,268,515.25	139,582.66	9,527.06	0.00	1,128,932.59	19.8194	22,374,766.57	Principal payment constant until loan matures commencing 1994-2034
KFW	Matsapha Industrial Site	1989652 12	EUR	Hedged	2,688,371.75	445,846.54	29,265.28	0.00	2,242,525.21	19.8194	44,445,504.15	Principal payment constant until loan matures commencing 1998-2027
KUWAIT	Mbadlane-Skhuphe	907	KD	Unhedged	2,354,000.00	216,000.00	69,252,000.00	0.00	2,138,000.00	56.6304	121,075,795.20	Capital and interest repayable in 34 semi-annual payments commencing 2009-2029
KUWAIT	Manzini-Mbadlane	907	KD	Unhedged	4,000,000.00	0.00	100,000.00	0.00	4,000,000.00	56.6304	226,521,600.00	Capital and interest repayable in 32 semi-annual equal payments commencing 2015-2035
NEDCOR	Maguga Dam NEDCOR	NEDCOR	ZAR	Unhedged	5,230,522.00	5,230,522.00	0.00	0.00	0.00	1.0000	0.00	Capital and interest repayable in 33 consecutive semi-annual instalments ending in 2019
OFID	Lower Usuthu Smallholder Water Supply Project	1455P	USD	Unhedged	9,492,340.86	944,000.00	421,870.46	0.00	8,548,340.86	18.0162	154,008,618.60	30 semi-annual consecutive constant principal payment. Interest is 4.3% of outstanding loan annually commencing 2012-2032
OFID	Sicunusa-Nhlangano 1268P	1268P	USD	Unhedged	4,928,284.60	766,595.00	304,177.28	0.00	4,161,689.60	18.0162	74,977,832.17	Capital and interest repayable in 30 constant and equal semi-annual

Financier	Loan Name	Loan No.	Currency	Hedging Status	Opening Balance as at 31/03/2019 (FX)	Principal payment FX)	Interest Payment (FX)	Total Disbursement (FX)	Closing Balance as at 31/03/2020 (FX)	Spot rate (31/03/2020)	Closing Balance as at 31/03/2020 (E)	Particulars of Payments
												payments commencing 2009-2028
OFID	Sicunusa-Nhlangano 1269PB	1269PB	USD	Unhedged	6,614,794.93	807,322.35	304,689.71	0.00	5,807,472.58	18.0162	104,628,587.50	Capital and interest repayable in 28 constant and equal semi-annual payments commencing 2009-2028
OFID	Manzini-Mbadlane	1631P	USD	Unhedged	12,204,200.80	500,000.00	0.00	0.00	11,704,200.80	18.0162	210,865,222.45	Capital and interest repayable in 30 semi-annual equal instalments commencing 2015-2034
PROBASE	Probase Eswatini	546	USD	Unhedged	96,666,667.00	6,666,666.00	0.00	0.00	90,000,001.00	18.0162	1,621,458,018.02	Capital and interest repayable after 15 years in semi-annual instalments. Commencing in 2018-2033
RMB	Maguga Dam RMB	RMB	ZAR	Unhedged	10,706,895.00	10,706,895.00	0.00	0.00	0.00	1.0000	0.00	Capital and interest repayable in 36 consecutive semi-annual instalments ending in 2019
USAID	Infrastructure 645-T-004A	0500020 45	USD	Hedged	309,183.77	73,878.72	8,725.55	0.00	235,305.05	18.0162	4,239,302.84	Capital and interest repayable in 61 constant and equal semi-annual instalments commencing 1979-2022
USAID	Infrastructure 645-T-004B	0500020 46	USD	Hedged	42,029.90	8,859.47	1,194.95	0.00	33,170.43	18.0162	597,605.10	Capital and interest repayable in 61 consecutive and equal semi-annual instalments commencing 1979-2023
USAID	Infrastructure 645-T-004C	0500020 47	USD	Hedged	376,173.90	79,293.19	10,694.95	0.00	296,880.71	18.0162	5,348,662.25	Capital and interest repayable in 61 constant and equal semi-annual instalments commencing 1979-2023
USAID	Infrastructure 645-K-003A	0500020 42	USD	Hedged	37,568.46	37,568.46	961.03	0.00	0.00	18.0162	0.00	Principal is calculated after 3% of interest is computed so that each total payment is constant commencing 1978-2019
USAID	Infrastructure 645k-003B	0500020 43	USD	Hedged	94,277.75	94,277.75	2,888.78	0.00	0.00	18.0162	0.00	Commencing 1978-2019

Financier	Loan Name	Loan No.	Currency	Hedging Status	Opening Balance as at 31/03/2019 (FX)	Principal payment FX)	Interest Payment (FX)	Total Disbursement (FX)	Closing Balance as at 31/03/2020 (FX)	Spot rate (31/03/2020)	Closing Balance as at 31/03/2020 (E)	Particulars of Payments
WB	IDA Education	0518-0 SW	GBP	Unhedged	781,687.45	111,348.44	5,737.36	0.00	670,339.01	22.1911	14,875,560.00	Overall maturity is 40 years commencing 1974-2024
WBHO/AG THOMAS JV	Lukhula Big Bend Road	31556	ZAR	Unhedged	439,352,974.30	92,495,363.04	10,623,394.70	0.00	346,857,611.26	1.0000	346,857,611.26	Capital and Interest repayable in quarterly instalments for 60 months. Commencing 2018-2023
TOTAL EXTERNAL DEBT											10,582,114,208.88	

End Period rates:

E/GBP	22.1911
E/US\$	18.0162
E/AUD	11.1363
E/EURO	19.8194
E/AED	4.8437
E/ZAR	1.0000
E/DKK	2.6281
E/BF BF LOAN NOW DENOMINATED IN EUR	19.8194
E/SDR	24.6914
JPY/E	6.0151
E/KWD	56.6304
E/NOK	1.7070
E/SEK	1.794
CHF/E	18.7204

PUBLIC DOMESTIC DEBT BY INSTRUMENT AND HOLDER AS AT 31ST MARCH 2020

ITEM	FINANCIER TYPE				TOTAL
	CENTRAL BANK	COMMERCIAL BANKS	NON-BANK FINANCIAL INSTITUTIONS	INDIVIDUALS & OTHER SOURCES	
<u>GOVERNMENT BONDS</u>	E	E	E	E	E
NORMAL BOND	1,298,488,000.00	667,236,600.00	2,393,508,700.00	799,352,000.00	5,158,585,300.00
SUPPLIERS' BOND	-	-	1,342,500,000.00	20,000,000.00	1,362,500,000.00
INFRASTRUCTURE BOND	480,000.00	135,340,000.00	732,421,000.00	6,941,000.00	875,182,000.00
SUB-TOTAL	1,298,968,000.00	802,576,600.00	4,468,429,700.00	826,293,000.00	7,396,267,300.00
<u>TREASURY BILLS</u>					
91 DAYS	410,000.00	250,370,000.00	90,880,000.00	64,170,000.00	405,830,000.00
182 DAYS	210,000.00	464,188,800.00	268,931,700.00	20,550,000.00	753,880,500.00
273 DAYS	1,820,000.00	747,230,000.00	322,570,100.00	12,610,000.00	1,084,230,100.00
364 DAYS	1,740,000.00	581,715,000.00	193,905,000.00	43,110,000.00	820,470,000.00
SUB-TOTAL	4,180,000.00	2,043,503,800.00	876,286,800.00	140,440,000.00	3,064,410,600.00
PROMISSORY NOTES	-	-	154,100,000.00		154,100,000.00
CBS ADVANCE	1,660,000,000.00	-	-	-	1,660,000,000.00
GRAND TOTAL	2,963,148,000.00	2,846,080,400.00	5,498,816,500.00	966,733,000.00	12,274,777,900.00
TOTAL DOMESTIC DEBT					12,274,777,900.00

Notes:

Under listed below is the Bond Tenure Breakdown under the Normal Bond Programme.

10 Year Bond	1,635,555,000.00
7 Year Bond	1,434,280,200.00
5 Year Bond	1,565,350,100.00
3 Year Bond	423,400,000.00
1.5 Year Bond	<u>100,000,000.00</u>
Total Bond	<u>5,158,585,300.00</u>

Public Debt	Amount (E)
Total External Debt	10,582,114,208.88
Total Domestic Debt	12,274,777,900.00
Total Public Debt	22,856,892,108.88

APPENDIX 16

3.5. STATEMENT OF CONTINGENT LIABILITIES AS AT 31st MARCH 2020

	E
Non-negotiable non-interest bearing notes issued in favour of the International Development Association	255,270.32
Swaziland Development and Savings Bank deposits Guaranteed in terms of Law no.4 of 1973 E1,721,003,135.00	
Less: liquid funds of the Bank E897,834,529.00	823,168,606.00
International Bank of Reconstruction and Development promissory note	1,461,121.96
International Monetary Fund	1,429,095,632.62
Common Fund for Commodities: Promissory Note 1	1,271,116.45
Promissory Note 2	5,084,435.99
Standard Bank	33,482,146.00
Eswatini Electricity Company guaranteed with Eswatini Bank	48,407,360.55
International Corporation for Development Finance (Taiwan) Guaranteed with Swaziland Govt	37,384,887.41
Swaziland National Housing Board Government Guaranteed loans with SNPF	111,241,548.10
Swaziland National Housing Board Government Guaranteed loans with PSPF	633,048,269.29
Total	3,123,900,394.68

APPENDIX 18

3.6. STATEMENT OF WRITE OFFS, LOSS OF CASH, STAMPS, STORES AND ABANDONED CALIMS AND LOSSES DUE TO ACCIDENTS ON VEHICLES FOR THE YEAR ENDED 31ST MARCH 2020

<u>PARTICULARS</u>	<u>MINISTRY/DEPARTMENT</u>	<u>HEAD</u>	<u>AUTHORITY</u>	<u>AMOUNT</u>
Total				<u>Nil</u>

Note:

1. There was no Losses Committee

APPENDIX 86

3.7. CENTRAL TRANSPORT ADMINISTRATION TRADING ACCOUNT AS AT 31st MARCH 2020

	Note	(E)		Note	(E)
Revenue Income	1	19,184,873.40	CTA Charges		21,353,821.47
Capital Income	2	203,373,809.34	Personnel Emoluments		33,843,511.98
		222,558,682.74	Travel Transport & Comm.		1,744,065.83
Fuel Sales		127,655,762.69	Professional Services	3	143,785,456.14
Repairs & Maintenance		202,497,020.38	Rentals	4	63,871,812.86
Self-Accounting Bodies		695,598.75	Consumables		283,267,146.22
Auction Sales		5,322,200.00	Durables		92,472,354.58
Driver Training Fees		33,466.00			640,338,169.08
Sundry Fees		12,791.00			
		558,775,521.56			
			Deficit		-81,562,647.52
		558,775,521.56			558,775,521.56

SURPLUS AND DEFICIT ACCOUNT FOR THE YEAR ENDED MARCH 2020

	(E)		(E)
Surplus b/f	431,367,915.32	Surplus carried forward	349,805,267.80
Trading deficit	81,562,647.52		
	349,805,267.80		349,805,267.80

PLANT & VEHICLES RENEWALS FUND AS AT 31st MARCH 2020

	Note	(E)		Note	(E)
Balance b/d 01/04/2019		844,049,826.92	Capital Expenditure 2019/2020	5	92,472,354.58
Accumulated Replacement Income	6	203,373,809.34	Balance c/f		954,951,281.68
		1,047,423,636.26			1,047,423,636.26

NOTES TO THE FINANCIAL STATEMENT

- 1. Revenue Income is the sum of vehicle and Plant hire short-term [Item 21002 and 21004].**
- 2. Capital Income is the sum of vehicle and plant hire long-term [Item 2001 and 21003]**
- 3. Professional Services Item 04 includes outsourcing of vehicles both accidents and non-accidents damaged vehicle [Item 04302].**
- 4. Rentals includes office rentals and vehicle hire from car rental suppliers.**
- 5. Durables includes purchase of vehicles and plant on item 07303 termed Capital Expenditure on the Financial Statement.**
- 6. Accumulated Replacement Income is the Capital Income on the Financial Statement.**

4. REPORT ON THE PROJECTED CASH FLOW POSITION OF THE BUDGET FOR THE YEAR TO 31ST MARCH 2021

Cashflow statement for 2020/2021

		April	May	June	July	August	September	October	November	December	January	February	March	F Total	Budget Estimate
	Item /Month	F	F	F	F	F	F	F	F	F	F	F	F	F	
A	Opening bank accounts balances	440.40												440.40	
A1	Opening Balances		(248.04)	(1,963.08)	(3,469.76)	(3,377.61)	(4,255.82)	(5,180.22)	(2,014.93)	(2,901.26)	(3,280.18)	(2,731.91)	(4,101.93)		
B	Revenue	3,000.27	800.15	1,339.47	3,081.55	903.59	948.24	3,077.35	806.51	981.60	3,035.61	874.96	1,610.15	20,459.42	19,351,339,972.13
B.1	Income/SRA Revenue	879.77	772.23	1,310.83	957.08	870.85	915.32	955.13	768.09	926.19	890.16	729.37	1,428.37	11,403.41	10,295,322,517.13
B.2	SACU Receipt	2,087.16	-	-	2,087.16	-	-	2,087.16	-	-	2,087.16	-	-	8,348.62	8,348,621,455.00
B.3	Non Tax Revenue	33.34	27.91	28.64	37.31	32.73	32.92	35.06	38.42	55.41	58.29	145.59	181.78	707.40	707,396,000.00
C	Total Cash Inflows(A+A1+B)	3,440.67	552.11	(623.62)	(388.22)	(2,474.02)	(3,307.58)	(2,102.87)	(1,208.42)	(1,919.66)	(244.57)	(1,856.94)	(2,491.78)	20,899.82	19,351,339,972.13
D	Priority Expenditure	1,928.16	1,795.87	2,020.07	1,825.24	1,424.82	1,260.60	1,462.74	1,279.77	979.32	2,166.47	1,593.81	1,649.97	19,386.83	16,609,644,153.00
D.1	Personnel(01)	573.26	573.26	573.26	573.26	573.26	573.26	573.26	573.26	573.26	573.26	573.26	573.26	6,879.08	6,879,081,000.00
D.2	Internal Transfer(10)	677.54	388.63	349.58	622.99	279.84	212.11	611.56	430.64	142.50	1,189.37	551.15	542.49	5,998.38	5,998,384,000.00
D.3	External Transfers (11)	0.41	18.40	3.29	26.01	9.54	3.57	2.02	6.10	3.91	13.37	14.19	16.22	117.04	117,036,000.00
D.4	Drugs(03)	-	8.38	21.55	51.53	44.64	41.68	39.01	32.59	28.40	82.28	72.24	96.36	518.66	518,655,000.00
D.5	Statutory Expenditure	123.95	207.20	221.28	251.44	117.55	356.91	236.89	237.19	231.26	308.19	382.98	421.64	3,096.49	3,096,488,153.00
D.6	Arrears 2016/2017	100.00	50.00	43.49	-	-	-	-	-	-	-	-	-	193.49	
D.7	Arrears 2017/2018	200.00	150.00	57.51	-	-	-	-	-	-	-	-	-	407.51	
D.8	Arrears 2018/2019	53.00	100.00	50.12	-	-	-	-	-	-	-	-	-	203.12	
D.9	Arrears 2019/2020	200.00	300.00	700.00	300.00	400.00	73.07	-	-	-	-	-	-	1,973.07	
E	Non-Priority Expenditure	70.97	797.19	1,109.29	1,015.71	376.22	549.39	423.22	388.09	378.70	445.85	409.39	462.02	6,426.04	6,426,037,000.00
E.1	CTA (00)	32.59	53.62	53.07	33.11	38.63	38.08	40.16	39.38	27.33	45.65	29.76	32.85	464.22	464,224,000.00
E.2	Travel Transport & Communication (02)	16.80	22.54	35.66	48.15	30.07	30.41	27.23	19.25	17.62	11.90	19.83	31.95	311.41	311,408,000.00
E.3	Services (04)	20.32	88.20	66.68	92.55	72.29	82.89	99.03	56.83	92.93	69.64	70.50	112.02	923.87	923,870,000.00
E.4	Rentals (05)	1.15	31.70	22.26	29.41	25.62	29.20	30.02	26.04	23.34	18.27	18.04	32.52	287.57	287,573,000.00
E.5	Consumable Material and Supplies (06)	0.08	39.28	39.60	42.14	52.38	48.67	57.92	55.36	41.81	56.84	67.77	95.99	597.84	597,836,000.00
E.6	Durable Materials and Equipments (07)	0.03	3.55	5.30	1.68	6.99	3.15	4.13	4.49	4.79	11.25	3.25	2.76	51.38	51,384,000.00
E.7	Capital Projects - Govt Funded	-	558.30	886.72	768.67	150.24	317.00	164.74	186.74	170.88	232.30	200.25	153.93	3,789.74	3,789,742,000.00

F	Cash flow before funding (C-D-E)	1,441.54	(2,040.95)	(3,752.98)	(3,229.16)	(4,275.06)	(5,117.58)	(3,988.83)	(2,876.29)	(3,277.68)	(2,856.89)	(3,860.15)	(4,603.77)	(4,913.05)	(3,684,341,180.87)
G	Net Funding	(1,689.58)	77.86	283.21	(148.45)	19.24	(62.64)	1,973.90	(24.97)	(2.50)	124.98	(241.78)	(98.72)	210.56	(87.16)
G.1	Net funding from T-bills and bonds	26.38	77.86	283.21	(148.45)	19.24	(62.64)	16.99	(24.97)	(2.50)	124.98	(241.78)	(98.72)	(30.39)	(87.16)
G1.1	funding from T-bills and bonds	607.34	695.35	798.13	483.35	666.72	383.35	543.35	470.06	483.35	629.92	383.35	483.35	6,627.63	12,647.92
G1.2	funding to T-bills and bonds	(580.96)	(617.49)	(514.92)	(631.80)	(647.48)	(445.99)	(526.36)	(495.03)	(485.85)	(504.94)	(625.13)	(582.07)	(6,658.02)	(12,735.08)
G1.3	funding from infrastructure bonds													-	
G1.4	funding to infrastructure bonds													-	
G1.5	funding from supplier bonds													-	
G1.6	funding to supplier bonds													-	
G2	Net funding from Sinking Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-
G2.1	funding from Sinking Fund													-	
G2.2	funding to Sinking Fund	-												-	
G.3	Net funding from Reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-
G3.1	funding from Reserves													-	
G3.2	funding to Reserves	-												-	
G.4	Net funding from International Monetary Fund	-	-	-	-	-	-	1,956.91	-	-	-	-	-	1,956.91	-
G4.1	funding from International Monetary Fund							1,956.91						1,956.91	
G4.2	funding to International Monetary Fund	-												-	
G.5	Net funding from CBS advances to the government	(1,715.96)	-	-	-	-	-	-	-	-	-	-	-	(1,715.96)	-
G5.1	funding from CBS advances to the government													-	
G5.2	funding to CBS advances from the government	(1,660.00)	-	-	-	-								(1,660.00)	
G5.2.1	Interest to CBS Advances	(55.96)	-	-	-	-								(55.96)	
H	Cumulative funding gap	(248.04)	(1,963.08)	(3,469.76)	(3,377.61)	(4,255.82)	(5,180.22)	(2,014.93)	(2,901.26)	(3,280.18)	(2,731.91)	(4,101.93)	(4,702.49)	(4,702.49)	

5. REFERENCE SHEETS RESPONSE RATE

Head	Ministry/Department	Reference Sheets Issued	Reference Sheets Responded to	Outstanding Reference Sheets
3	Private and Cabinet Offices	1	1	-
5	National Commissioner of Police	1	1	-
6	Deputy Prime Minister's Office	1	1	-
7	Foreign Affairs and International Cooperation	1	1	-
9	Tinkhundla Administration and Development	3	2	1
10	Natural Resources and Energy	3	2	1
15	Geological Surveys, Minerals and Mines Department	1	-	1
20	Agriculture	2	1	1
23	Economic Planning and Development	3	2	1
24	Housing and Urban Development	1	1	-
29	Commerce Industry and Trade	1	1	-
30	Education and Training	3	1	2
34	Finance	3	1	2
35	Treasury and Stores	3	2	1
38	Internal Audit	1	1	-
40	Labour and Social Security	1	1	-
41	Public Service	1	1	-
43	Information, Communication and Technology	3	1	2
44	Elections and Boundaries	1	1	-
45	Health	4	4	-
46	Justice and Constitutional Affairs	1	1	-
47	Anti-Corruption Commission	1	1	-
48	Judiciary	1	1	-
49	Correctional Services	4	4	-
50	Home Affairs	1	1	-
53	Public Works and Transport	2	-	2
56	Sports, Culture and Youth Affairs	2	2	-
	Total	50	36	14

HEAD 03: PRIVATE AND CABINET OFFICES

6. Audit of Detailed Statement of Recurrent Expenditure

An audit of the Detailed Statement of Recurrent Expenditure for the financial year ended 31st March 2020 was conducted and my findings were communicated to the Controlling Officer through a memorandum referenced P44 Vol. III/9, dated 12th October 2020. The Controlling Officer responded through a memorandum referenced CPM 3/1/1/2, dated 19th October 2020; however, the following issues remain reportable.

6.1. Unauthorised Over-Expenditure on Recurrent Vote

During the audit of the Detailed Statement of Recurrent Expenditure for the year ended 31st March 2020, I observed that there was an over expenditure of **E310,628.41** incurred on CTA Vehicle Charges as illustrated in the table below.

Centre	Control Item	Released Funds	Actual Expenditure	Over Expenditure	%
	E	E	E	E	E
1001	00 CTA Vehicle Charges	262,376.00	573,004.41	310,628.41	118%

Over expenditure beyond the budget released as appropriated by parliament is not only unlawful but also has serious effect on the fiscal budget.

This was in contravention of Financial and Accounting Instruction number 0202 (ii), which states that Controlling Officers are responsible for ensuring that no amount is spent in excess of the amounts specified by Treasury Warrants.

Section 107(3)(j) read with Section 34(7) of the Public Finance Management Act of 2017, also states that "a public office and public officer, or other person with responsibility for government resources commits an offence of financial misconduct if, without lawful authority under this Act or other lawful authority, that person willfully or negligently incurs unauthorised expenditures or makes unauthorised commitments. Any excess or any amount expended but not appropriated and which is not allowed under this section is treated as a loss of public moneys. As stated in the section 34(5), unauthorised expenditure may lead to disciplinary actions.

In her response, the Controlling Officer explained that they had requested more budget for fuel than actual released, and they requested a supplementary budget which was subsequently released under Responsibility Centre 1101. However, the funds released were not reallocated to Responsibility Centre 1001, hence the indication of an over-

expenditure, which was then offset by funds in the 1101 Centre after reconciliations by CTA.

At the time of writing this report, the error had not been rectified. Hence, the matter remains reportable.

6.2. Under Expenditure on Recurrent Vote

I also noted that there were significant under expenditures amounting to **E6,574,982.57** in different Departments of the Private and Cabinet Offices: on Personnel Costs, Travel, Transport and Communication; Professional and Special Services; CTA Vehicle Charges; Consumable Materials and Supplies; and Grants and Subsidies - External. The table below illustrates the under expenditures.

Centre	Control Item	Revised Provision (E)	Released Funds (E)	Actual Expenditure (E)	Under Expenditure (E)	%
1001	Personnel Costs	400,000.00	275,000.00	-	275,000.00	100.0
	Travel, Transport and Communication	357,310.00	332,919.00	236,857.21	96,061.79	28.9
	Professional and Special Services	584,838.00	487,611.00	402,677.24	84,933.76	17.4
	Consumable Materials and Supplies	69,291.00	35,791.00	8,523.15	27,267.85	76.2
Administration 1101	CTA Vehicle Charges	4,553,156.00	4,429,945.00	3,164,588.14	1,265,356.86	28.6
	Professional and Special Services	8,029,167.00	7,722,739.00	6,783,972.98	938,766.02	12.2
	Consumable Materials and Supplies	3,991,346.00	3,823,643.00	637,631.19	3,186,011.81	83.3
	11 Grants and Subsidies – External	1,000,000.00	1,000,000.00	298,415.52	701,584.48	70.2
Total Under Expenditure on Recurrent Vote					6,574,982.57	

Under expenditures of 10% or more in a year are considered to be not conducive to the development of the country. Under expenditure is a serious concern as the unutilised funds deprive other Government projects or programmes of planned development initiatives. Had the funds been accessible and/ or used to finance essential programmes, they would have contributed towards the development and economic growth of the country.

In her response, the Controlling Officer provided the following explanations for the under-expenditure incurred:

Centre 1001:

Personnel Costs – the per diem allowances budgeted for His Excellency’s travel were under-utilised because all the trips undertaken during the year under review were taken on behalf of other Ministries hence paid for using the Ministry of Foreign Affairs budget.

Travel, Transport and Communication – all trips were undertaken on behalf of other Ministries, hence funded by the Ministry of Foreign Affairs.

Professional and Special Services – The Office got assistance from the Private Sector for some activities budgeted for under this item, hence the under-expenditure. For example, the Reputation Management Project, which in the current financial year ending 31st March 2021 was fully funded by Government.

Consumables – His Excellency did not undertake a lot of trips funded by the Office, hence the budget normally reserved for gifts when travelling, which was not utilised to the expected and budgeted capacity.

Centre 1101:

CTA Vehicle Charges – The Office requested for a supplementary budget to cater for all Responsibility Centres, however, when these funds were released, they were not reallocated to the respective Centres, hence the reflection on an under-expenditure as was the case of over-expenditure in Centre 1001.

Professional and Special Services – Government was fortunate that in the process of procuring services of Consultants, International Development Programme provided sponsorship hence the budget was not fully utilised.

Consumable Materials and Supplies – There was a budget provision for the construction of a demarcation wall whose commencement was delayed by the late approval of designs due to ongoing consultations. A request was then made to carry-over these funds to the current financial year as the designs have been since submitted.

Grants and Subsidies – External – Funds in this item were reserved for subscriptions to the Commonwealth Partnership for Technology Management (CPTM) on behalf of the SMART Partnership Hub. However, these subscriptions are normally paid on submission of invoices by the CPTM. In the absence of invoices, no payment is made as it means no subscription is due for that period.

The Controlling Officer further submitted that the Office realised that a number of controls and corrective action needs to be taken and made the following undertakings:

- *to ensure that reconciliations especially in relation to CTA charges, are done and submitted timeously;*

- *to ensure that supplementary budgets are reallocated for use in the department or unit concerned; and*
- *to ensure that the recently revived Procurement Committee utilises budget provisions when procuring for different responsibility centres.*

The Controlling Officer is commended for the detailed responses and commitment to eliminate the recurring over and under expenditure issues.

HEAD 05: ROYAL ESWATINI POLICE SERVICE

7. Audit of Detailed Statement of Recurrent Expenditure

An audit of the Detailed Statement of Recurrent Expenditure for the financial year ended 31st March 2020 was conducted and my findings were communicated to the Controlling Officer through a memorandum referenced P12 Vol. VI/34, dated 12th October 2020. The Controlling Officer responded through a memorandum referenced NATCOM/11/1/IV/16, dated 19th October 2020; however, the following issues remain reportable.

7.1. Unauthorised Over Expenditure on Recurrent Vote

I observed that there was an unauthorised over expenditure of **E74,803,083.61** incurred on CTA Vehicle Charges, Personnel Costs and Medical Drugs in different Departments.

The CTA Vehicle Charges incurred an unauthorised over-expenditure of **E49,479,987.31**, as illustrated in the table below.

Department/ Unit	Appropriated Budget	Released Funds	Actual Expenditure	Over Expenditure	%
	E	E	E	E	
Administration	595,420.00	595,420.00	4,991,388.40	4,395,968.40	738
Training	69,868.00	69,868.00	1,470,687.83	1,400,819.83	2005
Support Services	63,483,713.00	58,369,838.00	102,053,037.08	43,683,199.08	75
Total Over-expenditure on CTA Vehicle Charges				49,479,987.31	

The Personnel Costs incurred an unauthorised over-expenditure of **E25,101,476.04**, and the Medical Drugs incurred an over-expenditure of **E221,620.26**, as illustrated in the table below.

Department/ Unit	Budget Provision	Released Funds	Actual Expenditure	Over Expenditure	%
	E	E	E	E	
Personnel Costs	181,693,020.00	181,693,016.00	206,794,492.04	25,101,476.04	14
Drugs	0.00	349,471.00	571,091.26	221,620.26	63
Total Over-expenditure incurred by the Administration				25,323,096.30	

Over expenditure beyond the budget released as appropriated by parliament is not only unlawful but also has serious effect on the fiscal budget.

This was in contravention of Financial and Accounting Instruction number 0202 (ii), which states that Controlling Officers are responsible for ensuring that no amount is spent in excess of the amounts specified by Treasury Warrants.

Section 107(3)(j) read with Section 34(7) of the Public Finance Management Act of 2017, also states that "a public office and public officer, or other person with responsibility for government resources commits an offence of financial misconduct if, without lawful authority under this Act or other lawful authority, that person wilfully or negligently incurs unauthorised expenditures or makes unauthorised commitments. Any excess or any amount expended but not appropriated and which is not allowed under this section is treated as a loss of public moneys. As stated in the Section 34(5), unauthorised expenditure may lead to disciplinary actions.

In his response, the Controlling Officer concurred with my observations and regrettably acknowledged the expenditure beyond the budget provision and amounts appropriated by parliament for the CTA Vehicle Charges, Personnel Costs, and Drugs.

CTA Vehicle Charges:

The Controlling Officer highlighted that the over expenditure on CTA Charges has been a recurring problem over numerous previous financial years. Further, he explained that the over expenditure is caused by that the budget allocated has always been below the budget request submitted to the relevant Central Agencies by the Police Service, despite that the Police always engage in consultations with the Public Budget Committee regarding the budget request where the justifications thereto are narrated. This has always resulted in the allocated budget being incommensurate with the wide range of police operations which are on demand 24/7. The breakdown of the CTA Charges incurred during the year is depicted in the table below:

Royal Eswatini Police Service – CTA Charges Report 2019/2020

Month	Fuel	Maintenance	LT Hire Charge	ST Hire Charge	Total Charges
April	2,195,231.38	4,427,623.51	2,757,989.66	7,140.00	9,387,984.55
May	2,722,529.48	5,860,789.61	2,757,991.86	63,425.08	11,404,736.03
June	2,321,659.64	5,073,446.11	2,757,991.86	432,660.00	10,585,757.61
July	2,215,108.49	4,380,834.19	2,760,806.26	22,852.00	9,379,600.94
August	2,451,491.35	5,292,269.06	2,757,991.86	0.00	10,501,752.27
September	2,023,957.95	4,481,275.53	2,760,806.26	0.00	9,266,039.74
October	2,595,513.05	5,329,364.48	3,319,436.66	0.00	11,244,314.19
November	3,469,604.21	6,853,316.63	2,647,463.34	120,454.64	13,090,838.82
December	73,787.65	122,485.35	22,273.88	218,546.88	437,093.76
January	2,988,552.42	5,629,781.20	2,736,133.74	680.00	11,355,147.36
February	3,272,395.97	7,070,579.26	6,173,933.08	0.00	16,516,908.34
March	0.00	0.00	0.00	0.00	0.00
Total	26,329,831.59	54,521,764.96	31,452,818.46	865,758.60	113,170,173.61

The Controlling Officer reported that they are continuously undertaking measures to remedy or bring the situation under control.

Firstly, reconciliation of CTA Charges incurred and the analysis reflect that the bulk of the charges are on maintenance and long-term hire. The analysis assists in identifying expenditure patterns which informs the control mechanisms and mitigates problems identified in good time. However, they are experiencing certain challenges as the CTA normally takes months to charge on the CTA item which derails the monitoring of the expenditure pattern and raise any anomalies in good time. Consultations are being undertaken with the relevant authorities to remedy the situation.

Secondly, the Police Service in conjunction with the Government Internal Audit Office carried out an internal audit review on Fleet Management and a report was produced. The objective of the audit was to evaluate the efficiency, effectiveness and adequacy of governance, risk management and internal controls concerning fleet management. The recommendations on the findings of the Internal Audit Office are now being implemented, which they believe is one measure to mitigate the over expenditure on CTA Charges.

To further mitigate this state of affairs a request for supplementary budget was forwarded to Government through the Ministry of Finance, through a Memo referenced NATCOM/44/61/5, dated 2nd December 2019. However, no funds were approved and allocated to this item to adjust cover expenditure incurred.

Personnel Costs:

The Controlling Officer explained that a total sum of E884,092,224.00 was appropriated during the financial year 2019/2020. A sum of E25,340,166.00 was not released which was anomalous given the existing manpower profile of the Police Service. The monthly salary expenditure as of April 2019 to 31st March 2020 on average was E73,500,000.00 totaling to E880,990,840.00, as reflected in the Government Accounting System (BD120). The non-release of the above stated amount immensely contributed to the over expenditure. A supplementary request on this item to cater for the over expenditure was submitted to the relevant Ministry which was not approved. However, they are periodically engaging the Ministry of Finance regarding the release of funds especially on the personnel costs which should be as per the budget appropriation as the officers were already on the government payroll. If this is implemented it would even assist in reducing the amounts requested on the supplementary budget.

Drugs Costs:

The Controlling Officer explained that the over expenditure on medical drugs resulted from charges emanating from drugs procured from the Medical Stores for all Police Clinics, and they have been monitoring these charges. On the 31st March 2020 we reallocated funds to this item to set off the amount of E268,596.38 which was reflecting on the account as at 31st March 2020 and indeed the reallocation was approved and implemented which cleared the over expenditure. As of the 27th April 2020 there was no variance on Drugs item.

He further explained that they are following this anomaly as they suspect that it emanated from charges which were processed after the end of the financial year. He pledged commitment to monitor and mitigate such occurrences.

7.2. Under Expenditure on Recurrent Vote

I also noted that there were under expenditures amounting to **E134,980.00** incurred on Travel, Transport and Communication in different Departments, as illustrated in the table below:

Department/Unit	Appropriated Budget (E)	Released Budget (E)	Actual Expenditure(E)	Under Expenditure (E)	%
12 Training	36,209.00	36,209.00	-	36,209.00	100
23 Support Services	62,765.00	62,765.00	-50.00	62,715.00	99.9
24 Protection of Heads of State and Diplomats	24,584.00	24,584.00	-	24,584.00	100
25 Immigration (Border Posts)	11,472.00	11,472.00	-	11,472.00	100
Total Under Expenditure				134,980.00	

Under expenditures of 10% or more in a year are considered to be not conducive to the development of the country. Under expenditure is a serious concern as the unutilised funds deprive other Government projects or programmes of planned development initiatives. Had the funds been accessible and/ or used to finance essential programmes, they would have contributed towards the development and economic growth of the country.

In his response the Controlling Officer acknowledged with regret the under expenditure incurred on Travel, Transport and Communication in various Units. He stated they are very much aware of the serious breach of regulations on having unutilised funds which were budgeted as they could have been used in other programs. He pledged to eliminate such occurrences through periodic monitoring of expenditure and commitment patterns to ensure that they thoroughly comply with the Financial Regulations.

The Controlling Officer is commended for the detailed responses and commitment to eliminate the recurring over and under expenditure issues.

HEAD 06: DEPUTY PRIME MINISTER'S OFFICE

8. Audit of Detailed Statement of Recurrent Expenditure

An audit of the Detailed Statement of Recurrent Expenditure for the financial year ended 31st March 2020 was conducted and my findings were communicated to the Controlling Officer through a memorandum referenced D21 Vol. III/30, dated 12th October 2020. The Controlling Officer responded through a memorandum referenced DPM/H58, dated 15th October 2020; however, the following issues remain reportable.

8.1. Unauthorised Under-Expenditure on Recurrent Vote

I observed that there was an unauthorised under expenditure of **E2,618,492.56** incurred on the various expenditure control item by the Office's different responsibility centres. The table below illustrates the under expenditures.

Responsibility Centre	Control Item	Appropriated Budget	Released Budget	Actual Expenditure	Under Expenditure	%
		E	E	E	E	
10 Deputy Prime Minister's Office	CTA Vehicle Charges	1,466,897.00	1,379,064.00	1,207,312.71	171,751.29	12.5
	Travel, Transport and Communication	968,533.00	954,632.00	778,964.34	175,667.66	18.4
11 Departmental Administration						
	Travel, Transport and Communication	860,805.00	841,553.00	621,325.40	220,227.60	26.2
	Consumable Materials and Supplies	880,994.00	818,472.00	558,470.80	260,001.20	31.8
	Durable Materials and Equipment	3,222,100.00	3,222,100.00	2,144,406.43	1,077,693.57	33.5
12 Department of Social Welfare						
	Professional and Special Services	797,474.00	678,297.00	503,860.08	174,436.92	25.7
	Consumable Materials and Supplies	501,582.00	468,972.00	307,977.39	160,994.61	34.3
14 National Disaster Management						
	CTA Vehicle Charges	740,339.00	493,556.00	358,670.87	134,885.13	27.3
	Travel, Transport and Communication	180,122.00	106,180.00	76,587.11	29,592.89	27.9
	Consumable Materials and Supplies	349,382.00	303,270.00	223,830.94	79,439.06	26.2
15 Department of Gender And Family Issues						
	CTA Vehicle Charges	146,248.00	97,497.00	63,878.40	33,618.60	34.5
	Travel, Transport and Communication	92,454.00	84,881.00	21,354.29	63,526.71	74.9
	Professional and Special Services	38,543.00	1,441.00	-	1,441.00	100

Responsibility Centre	Control Item	Appropriated Budget	Released Budget	Actual Expenditure	Under Expenditure	%
		E	E	E	E	
	Consumable Materials and Supplies	7,070.00	580.00	-	580.00	100
	Grants and Subsidies – Internal	5,000.00	5,000.00	-	5,000.00	100
31 Community Development						
	CTA Vehicle Charges	47,438.00	31,624.00	1,987.68	29,636.32	93.7
Total Under Expenditure on Recurrent Vote					2,618,492.56	

Under expenditures of 10% or more in a year are considered to be not conducive to the development of the country. Under expenditure is a serious concern as the unutilised funds deprive other Government projects or programmes of planned development initiatives. Had the funds been accessible and/ or used to finance essential programmes, they would have contributed towards the development and economic growth of the country.

I ascertained corrective action taken by the Ministry to address the above anomaly and strengthen the internal controls in order to avoid recurrence of under-expenditure in the future.

In his response the Controlling Officer concurred with my observations of under expenditure on recurrent vote of E2,618,492.56 incurred on different Control Items in the various Departments, and provided the following explanations. He stated that generally, commitment to utilise funds as an office take some while to be granted authority from the Ministry of Finance. However, the heads of department are encouraged to monitor their spending every quarter and procure items in line with the procurement plan of the Deputy Prime Minister's Office. He pledged to ensure compliance and implementation of all government mechanism, rules and procedures.

The Controlling Officer is commended for the detailed responses and commitment to eliminate the recurring under expenditure issues.

HEAD 07: MINISTRY OF FOREIGN AFFAIRS & INTERNATIONAL COOPERATION

9. Audit of Detailed Statement of Recurrent Expenditure

An audit of the Detailed Statement of Recurrent Expenditure for the financial year ended 31st March 2020 was conducted and my findings were communicated to the Controlling Officer through a memorandum referenced F14 Vol. X/01, dated 9th November 2020. The Controlling Officer responded through a memorandum referenced MFAIC 18/2, dated 13th November 2020; however, the following issues remain reportable.

9.1. Unauthorised Over-Expenditure on Recurrent Vote

I observed that there was an over expenditure of **E30,274,348.91** incurred on Professional and Special Services, and Travel, Transport and Communication by the Missions Abroad and International Relations Responsibility Centres. The table below illustrates the over expenditures.

Responsibility Centre	Control Item	Released Budget (E)	Actual Expenditure (E)	Over Expenditure (E)	%
12 Missions Abroad	Professional and Special Services	26,665,237.00	36,369,251.75	9,704,014.75	36.4
15 International Relations	Travel, Transport and Communication	46,983,451.00	67,553,785.16	20,570,334.16	44
Total Unauthorised Over Expenditure on Recurrent Vote				30,274,348.91	

Over expenditure beyond the budget released as appropriated by parliament is not only unlawful but also has serious effect on the fiscal budget.

This was in contravention of Financial and Accounting Instruction number 0202 (ii), which states that Controlling Officers are responsible for ensuring that no amount is spent in excess of the amounts specified by Treasury Warrants.

Section 107(3)(j) read with Section 34(7) of the Public Finance Management Act of 2017, also states that "a public office and public officer, or other person with responsibility for government resources commits an offence of financial misconduct if, without lawful authority under this Act or other lawful authority, that person wilfully or negligently incurs unauthorised expenditures or makes unauthorised commitments. Any excess or any amount expended but not appropriated and which is not allowed under this section is treated as a loss of public moneys. As stated in the Section 34(5), unauthorised expenditure may lead to disciplinary actions.

In his response referenced MFAIC 18/2 dated 28th December 2020, the Controlling Officer concurred with my observation of an over expenditure and provided the following explanations. The over expenditure of E9,704,014.75 on Professional Services was caused by insufficient budget allocation and the fluctuation of foreign exchange rates which also adversely affected the budget transferred to Missions. The Ministry requested for a supplementary budget to cover the shortfalls, however due to the financial challenges faced by government it was not approved.

Further in his response referenced MFAIC 18/2 dated 28th December 2020, the Controlling Officer stated the Ministry has always encouraged Mission Abroad to adhere to the budgetary provisions and they will ensure that they use the limited resources available to ensure the similar situations do not recur. He also stated that the Ministry will continue to appeal to the Ministry of Finance on possibilities of reviewing the budget allocation for Missions Abroad taking into account the length of time since any such review was made.

The over expenditure of E20,570,334.16 on Travel, Transport and Communication was caused by an increase in international relations activities. The Ministry requested for a supplementary budget of E59,346,820.00 through memorandum MFAIC 6/6 dated 9th October, 2020 to cater for these activities however only E30,000,000.00 was approved.

The requested amount was in line with the total request of budget received from the affected Missions, including other related charges which were still to be submitted by the Treasury Department in the form of JV's for all the trips what were undertaken during the course of the year.

9.2. Under-Expenditure on Recurrent Vote

I also observed that there was an under expenditure of **E648,541.75** incurred by the Ministry's different responsibility centres and various control items. The table below illustrates the under expenditures.

Control Item	Responsibility Centre	Appropriated Budget	Released Budget	Actual Expenditure	Under Expenditure	%
CTA Vehicle Charges		E	E	E	E	
	Minister's Office	99,600.00	78,900.00	29,423.45	49,476.55	62.7
Professional and Special Services						
	Minister's office	13,249.00	8,828.00	2,591.83	6,236.17	70.6
Consumable Materials and Supplies						
	Minister's Office	4,326.00	2,883.00	-	2,883.00	100
	Ministry Administration	704,745.00	671,970.00	500,323.71	171,646.29	25.5
Durable Materials and Equipment						

	Ministry Administration	30,263.00	30,263.00	14,999.00	15,264.00	50.4
Rentals	Ministry Administration	2,263,240.00	13,240.00	-	13,240.00	100
Personnel Costs	National Coordination of SADC Affairs	971,299.00	971,296.00	581,500.26	389,795.74	40.1
Total Under Expenditure on Recurrent Vote					648,541.75	

Under expenditures of 10% or more in a year are considered to be not conducive to the development of the country. Under expenditure is a serious concern as the unutilised funds deprive other Government projects or programmes of planned development initiatives. Had the funds been accessible and/ or used to finance essential programmes, they would have contributed towards the development and economic growth of the country.

In his response, referenced MFAIC 18/2, dated 13th November 2020, the Controlling Officer concurred with my observation of an over expenditure and provided the following explanations.

CTA Vehicle Charges: *The under expenditure on CTA Vehicle Charges was caused by that the Honourable Minister was most of the time out of the country on official duties and she couldn't use the vehicle as expected. The Ministry's efforts to reconcile by reallocating funds from those item that had savings to those that had overspent was not perfectly done as some transactions were wrongly posted to this current financial year. This was not properly corrected because due to the COVID-19 pandemic most cashbooks were delayed and the Ministry reconciled late to ensure that all cashbooks were posted before reconciling all the Ministry's responsibility centre.*

Professional Services: *The under expenditure on Professional Services was caused by that the budget was too minimal to be used, however in this current year the Ministry had ensured that funds are all used as expected; for instance, already the Honourable Minister's water bill has been charged under this item. The Controlling Officer also stated that they will appeal to the Ministry of Finance to release the remainder of funds.*

Consumables: *The under expenditure in this item was caused by that the budget was too minimal to be used, however for this current year the budget was moved to other items where it can be used.*

Rentals: *Under expenditure on Rentals incurred by Administration Responsibility Centre (Activity Centre 11) was caused by that the funds allocated under this item caters for the*

escalating cost of rentals in the Missions. They are kept under the Principal Secretary's office and are reallocated to the affected Missions upon request. Funds were reallocated to Missions, however E13,240.00 remained not reallocated. The Ministry will be careful going forward that all funds allocated under this item are transferred to Missions Abroad. For the financial year 2021/2022 the Ministry has requested the Ministry of Finance to remove the budget under the Principal Secretary's Centre and allocate it to the affected Mission to avoid reallocations during the year.

Durables: *The under expenditure in this item was caused by that initially, the Ministry had reallocated funds amounting to E15,000.00 to purchase a camera for the Ministry's Communications Officer. However, the committed order ended up amounting to E6,744.29 and the whole process was eventually cancelled because deliveries were not done on time yet the financial year was closed. Going forward the Ministry will be vigilant to follow up on pending issues and solve them promptly rather than waiting for the year end to attend to pending orders.*

Personal costs: *The under expenditure on personnel costs, incurred by the National Coordination of SADC Affairs, was caused by the fact that the SADC Unit was transferred to the Ministry of Economic Planning in the year 2017. However, the budget allocation for personnel costs was not removed from the Ministry until financial year 2019/2020. The Ministry of Finance will be in the best position to respond to this concern.*

The Controlling Officer is commended for the detailed responses and commitment to eliminate the recurring over and under expenditure issues.

HEAD 09: MINISTRY OF TINKHUNDLA ADMINISTRATION AND DEVELOPMENT

10. Audit of Detailed Statement of Recurrent Expenditure

An audit of the Detailed Statement of Recurrent Expenditure for the financial year ended 31st March 2020 was conducted and my findings were communicated to the Controlling Officer through a memorandum referenced E28 Vol. XI/12, dated 13th October 2020. The Controlling Officer responded through a memorandum referenced TINK 2/3, dated 22nd October 2020; however, the following issues remain reportable.

10.1. Under Expenditure on Recurrent Vote

I observed that there was an under expenditure of **E10,085,758.15** in the Ministry's different Responsibility Centres and various control items. The table below illustrates the under expenditures.

Responsibility Centre	Control Item	Appropriated Budget (E)	Released Budget (E)	Actual Expenditure (E)	Under Expenditure (E)	%
10 Minister's Office						
	00 CTA Vehicle Charges	174,600.00	174,600.00	120,011.60	54,588.40	31.3
	01 Personnel Costs	1,566,213.00	1,566,212.00	1,393,708.57	172,503.43	11.0
	04 Professional and Special Services	207,076.00	207,066.00	159,214.77	47,851.23	23.1
	06 Consumable Materials and Supplies	2,389.00	2,385.00	-	2,385.00	100.0
11 The Ministry Administration						
	02 Travel, Transport and Communication	8,541,669.00	8,534,863.00	887,020.96	7,647,842.04	89.6
	07 Durable Materials and Equipment	171,300.00	171,300.00	150,258.20	21,041.80	12.3
12 Regional Administration						
	00 CTA Vehicle Charges	2,571,114.00	2,571,108.00	1,334,660.07	1,236,447.93	48.1
14 Planning Unit						
	02 Travel, Transport and Communication	11,732.00	6,726.00	5,065.86	1,660.14	24.7
	04 Professional and Special Services	6,133.00	978.00	50.00	928.00	94.9
	06 Consumable Materials and Supplies	10,300.00	10,300.00	4,780.00	5,520.00	53.6
15 Central Rural Development Unit						
	01 Personnel Costs	434,827.00	434,824.00	191,657.97	243,166.03	55.9
	02 Travel, Transport and Communication	7,860.00	7,856.00	-	7,856.00	100.0
	04 Professional and Special Services	1,493.00	1,491.00	-	1,491.00	100.0
	06 Consumable Materials and Supplies	3,622.00	3,618.00	-	3,618.00	100.0

Responsibility Centre	Control Item	Appropriated Budget (E)	Released Budget (E)	Actual Expenditure (E)	Under Expenditure (E)	%
10 Minister's Office						
31 Community Development	00 CTA Vehicle Charges	1,091,930.00	1,091,929.00	660,682.40	431,246.60	39.5
	04 Professional and Special Services	478,201.00	411,294.00	343,547.22	67,746.78	16.5
	07 Durable Materials and Equipment	0.00	60,000.00	25,196.50	34,803.50	58.0
35 Decentralisation	00 CTA Vehicle Charges	102,582.00	102,581.00	63,139.20	39,441.80	38.4
	02 Travel, Transport and Communication	133,121.00	133,119.00	67,498.53	65,620.47	49.3
Total Under Expenditure on Recurrent Vote		20,227,892.00	20,143,979.00	9,616,889.12	10,085,758.15	

Under expenditure is a serious concern as the unutilised funds deprive other Government projects or programmes of planned development initiatives. Had the funds been accessible and/ or used to finance essential programmes, they would have contributed towards the development and economic growth of the country. Under expenditures of 10% or more in a year are considered to be not conducive to the development of the country.

In her response referenced TINK 2/3, dated 11th January 2021, the Controlling Officer concurred with my observations and explained that the under expenditure depicted was caused by the supplementary budget of E30,428,842.00 which was released in March 2020, based on the invoices submitted by the Ministry and the Suppliers owed by Government.

The sole purpose for the supplementary budget was to cater for the clearance of all outstanding invoices, from the previous years and the financial year 2019/2020, owed by the Ministry to service providers. The supplementary budget was distributed to all Treasury Control Items in proportion to the outstanding invoices.

*The budget supplementary ended up being more than the Ministry's total **authentic and verified** outstanding invoices and thus the under expenditure was created.*

Justification per control item as illustrated by table in the audit query is as follows:

- CTA vehicle charges: *The under expenditure for the other Responsibility Centres is due to that their vehicles are charged under the Ministry Administration. The total under expenditures of E1,722,283.00 from the other Centres reduced the Ministry total over expenditure to E1,262,129.00 which was cleared by the reallocation of the supplementary budget.*

- Personnel Costs: *The under expenditure in the Minister's office and the Central Rural Development Unit was caused by vacant positions.*

- Travel, Transport and Communication: *The under expenditure in the Ministry Administration was caused by the disputed invoices submitted by the Eswatini Posts and Telecommunication Cooperation to the Ministry of Finance of which the supplementary budget was released based on the invoices submitted by the service provider, yet some of them are still in the verification process by the Ministry.*

For the Central Rural Development Unit, the office was not functioning during the financial year 2019/2020 to utilise the funds because officers moved to the Ministry of Agriculture, whilst the process of moving the responsibility centre to Agriculture was ongoing, one officer who was on secondment joined later in the financial year.

For the other Responsibility Centres, it was a budget for internal and external travel, of which there were less travel claims and there were no official external trips for the financial year.

- Professional and Special Services: *For the Community Development it was a budget for policy formulation which was abandoned due to insufficient funds.*

For the other Responsibility Centres, it was for special services of which the funds were not sufficient to carry out planned activities.

- Consumables: *Purchases for the Minister's office and Planning Unit were combined and processed through the Ministry Administration as the released budget was insufficient. The funds were charged through the Ministry's activity control item.*

For the Central Rural Development Unit, the office was not functioning for the financial year 2019/2020.

- Durables: *The under expenditure was caused by failed procurement processes.*

Corrective measure: *The Controlling Officer further explained that the future corrective measure will be to train and encourage all the warrant holders to utilise or reallocate the budget under their Responsibility Centres. The Ministry has engaged the CTA to align vehicles with their Responsibility Centres so that CTA charges are charged under the correct Responsibility Centre. Also, the Ministry has engaged both the Ministries of Finance and Public Service to transfer the Central Development Unit to the Ministry of Agriculture as per the Allocation of Responsibilities Legal Notice Number 189 of 2015.*

The Controlling Officer is commended for the detailed responses and commitment to eliminate the recurring over and under expenditure issues.

11. Audit of Empowerment Fund

An audit of the Empowerment Fund (Appendix 33) for the financial year ended 31st March 2020 was conducted and my findings were communicated to the Controlling Officer through a correspondence referenced A2/2019/2020/21, dated 6th January 2021. The Controlling Officer responded through memorandum referenced TINK 1/32 VOL 1, dated 21st January 2021.

11.1. Non-reversal of Incomplete Transfer of funds to Empowerment Fund

I observed that there was non-reversal of incomplete transfers of funds amounting to E3,097,500.00 in respect of the third and fourth quarter subvention budgets, that were eventually not effected into the bank account of the Empowerment Fund. These payment transfers were recognized as expenditure charged against budget and captured in the Accounting System (AA220) as funds received by the Empowerment Fund. However, these funds were not disclosed as budget received by the Empowerment Fund and did not appear in the Bank Statements of the Empowerment Fund in the financial year ended 31st March 2020.

Through a memo referenced TINK 2/4/Vol. 1, dated 17th October 2019, the Ministry requested the Accountant General to transfer the sum of E1,548,750.00 in respect of the third quarter subvention, and the Principal Accountant of the Ministry requested release (transfer) of the funds of E1,548,750.00 in respect of the fourth quarter subvention through a Minute dated 17th January 2020. Both subventions were authorised and passed for payment by the Accountant General. According to the Telegraphic Transfers of Funds dated 2nd March 2020, referenced 019/008/Vol.5/432 in respect of the Third Quarter Subvention and 019/008/Vol.5/433 for Fourth Quarter Subvention, the Central Bank of Eswatini was instructed to transfer the funds to Tinkhundla Empowerment Fund, Account Number 100016206542.

The details of these Subvention transfers showing payment vouchers and cheques used to effect payments for both the transfers are depicted in the table below.

Date Payment	Voucher Number	Cheque Number	Date of the memo from PS to Accountant General	Telegraphic Transfer of Funds	Amount (E)
24 th October	070782	106332	17 th October 2019 - 3 rd Quarter Subvention	02.03.2020 Ref:019/008/Vol.5/432	1,548,750.00
	110041	106331	17 th January 2020 – 4 th Quarter Subvention	02.03.2020 Ref:019/008/VOL.5/433	1,548,750.00

The receipts of E3,097,500.00 were not disclosed in the Tinkhundla Empowerment Fund Income and Expenditure Account for the financial year 31st March 2020; however, it was captured in the Accounting System as funds transferred to Empowerment Funds in the financial year under-review. The discrepancy remained undetected by the Ministry due to non-reconciliation.

According to Section 0203(x) of the Financial and Accounting Instructions, the Accounting Officer should see that all books of account are correctly posted and kept up-to-date. Furthermore, according to Section 2(5.2(1)) of the Financial Management and Accounting Procedures Manual, the General account should be reconciled daily. Section 2(5.4(1)) further clarifies that the procedure for reconciling other accounts should conform in principle to that of the general account.

In response referenced 33/2019/2020, dated 10th November 2020, the Accountant General acknowledged that the Ministry of Tinkhundla Administration and Development budget was charged an amount of E6,195,000.00 under the Empowerment Fund local grant for the financial year 2019/2020. The amount of E3,097,500.00 was recorded in the Government Arrears held with Treasury during the year under review, due to the Government cash flow challenges. Further, in response referenced 33/2019/2020, dated 13th November 2020, the Accountant General stated that the funds of E3,097,500.00 have been transferred to the Tinkhundla Empowerment Fund Account and provided telegraphic transfer of funds for the Third and Fourth Quarter Subvention 2019/2020, dated 2nd March 2020.

In response, the Ministry concurred with my observation and explained that the Ministry requested for the transfer of the Empowerment funds but they were not transferred by the end of the financial year 2019/2020, by the Accountant General. After a follow up memorandum dated 5th November 2020, the funds were eventually transferred to the Fund bank account in the financial year to 31st March 2021.

I appreciate the Ministry's and Accountant General's response but my concern is that there is a misrepresentation of facts in the accounting records for the year ended 31st March 2020. The fact of the matter is that the amount of E3,097,500.00 was not transferred to the Empowerment Fund in the year ended 31st March 2020 but was transferred in the year to 31st March 2021. A reversal of the incomplete transaction should have been made to rectify the accounting records through reconciliation. This was not done; hence the matter remains reportable.

11.2. Unregulated Empowerment Fund

Once again, I noted that the Tinkhundla Empowerment Fund was allocated funds of **E6,195,000.00** annually, was still operating without any instrument for Operational Procedure, that governs its operations. This matter was reported in the Auditor General's Report for the year ended 31st March 2017 and was deliberated by Parliament and the PAC Resolution: "Ministry was urged to table the Regulations within three months after adoption".

It was quite concerning that an amount of E2,615,774.09 was disbursed from the Empowerment Fund during the year ended 31st March 2020 without following regulatory controls in the form of rules and regulations. As such, it was impossible to determine if the fund was operated in a proper manner and for the intended purpose.

Section 4(3) of the Public Finance Management Act of 2017 requires every Special Fund to be administered according to the requirements of the instrument creating it.

To avoid risk that the funds may not be used for intended purposes, the Ministry was urged to use legitimate regulations to administer the Fund for the benefit of the citizens of the country.

In response, the Ministry concurred with my observation and explained that the Ministry prepared a draft of the Tinkhundla Empowerment Fund Regulations 2019, which was at the final stage of approval by Cabinet and then to the Parliament. The delay was caused by the Ministry's consultations with the relevant stakeholder's inputs before it could be drafted.

The Controlling is advised to ensure that the regulations are in place soonest, to avoid incurring unregulated expenditures.

11.3. No Requisitions and Authorisation of acquisitions of prepaid electricity units

I observed that there were no requisitions and authorisation of acquisitions of prepaid electricity units, amounting to E500,000.00, for 47 Tinkhundla Centres; as such the payments were inadequately supported. There was no authorisation of acquisitions and payments of prepaid electricity units; only invoices were attached to the payment vouchers which was not enough to substantiate payments.

It was disquieting that there were no documented requests for the purchase of electricity units from the Tinkhundla Centres to the Ministry and from the Ministry to Eswatini

Electricity Company (EEC) in order to authorise the purchase and justify the invoice amount.

According to Section 4(3.1) of the Financial Management and Accounting Procedures Manual, even though such payments are not supported by an official government order, a legal obligation is created through the issue of a signed contract or agreement or authority.

In response the Ministry concurred with my observation and explained that there has been no standard practice/procedure adopted by Government or the Ministry for the pre-payment of electricity after the Eswatini Electricity Company abolished the old system of paying in arrears through invoices.

The common practice that was being used by Tinkhundla Council or Secretary was to directly write to Eswatini Electricity Company and request for an invoice for units they needed.

The Ministry is in a process of introducing a standard requisition of units for all Tinkhundla Centres, whereby all request will be generated through Inkhundla Council's weekly meeting minutes and then approved by the Regional Office.

The response of the Controlling Officer is appreciated. However, there is no explanation of what caused the Ministry to neglect the normal procurement government procedure.

11.4. Unaccounted money for purchase of electricity prepaid units for Lubulini Inkhundla

I noted that a tax invoice (receipt) of the purchase of prepaid units from Eswatini Electricity Company (EEC), dated 23rd December 2019 had an unaccounted for variance of **E1,754.55**, from the amount of E10,000.00 for prepaid units for the Lubulini Inkhundla meter number 07139916386. This was purchased through voucher number 060317, cheque number 02185 and invoice number 053 in the financial year under review.

The breakdown of cost components and unaccounted for money (cash) in this transaction is depicted in the table below.

Details	Amount (E)
Total Units Cost	3,827.86

Debt Collected	61.56
Fixed Cost collected	4,356.03
Total Cost	8,245.45
Cheque Amount	10,000.00
Unaccounted for cash	1,754.55

The variance in this transaction remained unaccounted for money (cash) in this tax invoice. Thus, contravened Financial and Accounting Instruction 0203(ii), which states that promptly bring to account all public monies’.

There is a risk that the funds might have been used to purchase electricity units for undeserving beneficiaries, which is tantamount to misappropriation of public funds and/or wasteful and fruitless expenditure.

The Ministry was requested to provide evidence and explanation for the unjustified variance in this tax invoice, and put in place controls measures that will prevent future occurrence of such anomaly. Further, the Ministry was advised to use all the required service procurement documents, such as requisition form and authority to pay, when acquiring the prepaid electricity units from Eswatini Electricity Company.

In response, the Ministry concurred with my observation and explained that the Regional Office engaged Eswatini Electricity Company on this issue and the Company acknowledged an error from their side. The discrepancy was identified on the fixed costs collected which was E6,110.58 instead of E4,356.03 making the difference of E1,754.55.

The response from the Controlling Officer is appreciated. However, she did not provide any evidence to support the assertions made.

11.5. Electricity Meter Number 04220264735 for Methula Inkhundla Centre registered under a name of a Civil Servant – E/N: 6580256 (Teacher)

I observed that Electricity Meter number 04220264735 for Methula Inkhundla Centre was registered under a name of a person, a Primary Teacher bearing an employment number 6580256, who once occupied the government house-quarter (structure) that is currently used by the Methula Inkhundla Centre. Hence the meter number for electricity used by the Inkhundla was still registered under the name of the civil servant. A total of E20,000.00 was spent in acquiring prepaid electricity units for this meter number during the financial year ended 31st March 2020.

The Ministry was granted permission to use the two bed-room house structure belonging to the Ministry of Agriculture as Inkhundla Office, through a memorandum dated 9th August 2018.

There is a risk that public funds might be used to purchase prepaid electricity units for personal gain. I recommended that the meter number be registered in the name of the Ministry.

In response, the Ministry concurred with my observation and apologized for this anomaly which was an oversight. The Ministry stated that they are in the process of formalizing the necessary documents in order to have all utility bills paid under the name of the Inkhundla Centre.

The response of the Controlling Officer is appreciated. A follow-up audit will be carried out to establish whether the anomaly is rectified in subsequent periods.

11.6. Hlane Inkhundla Centre

11.6.1. Discontinued Hlane Inkhundla Centre Continues to incur expenses

I noted that the discontinued Hlane Inkhundla Centre continued to incur utility expenses of E15,000.00 in the fiscal year 31st March 2020, and salaries of E217,933.44 for Cleaner and Night-Watchman since October 2018 to November 2020. The utility expenses were in respect of the acquisitions of prepaid electricity units in the multiple of E5,000.00 and E10,000.00 for the discontinued Constituency (Inkhundla) Centre. The payments were processed through voucher number 110245, cheque number 02307 and voucher number 080520, cheque number 02200, respectively.

In response the Ministry concurred with my observation and explained that Hlane Inkhundla was declared as a Sub-Inkhundla under the Dvokodvweni Inkhundla by the delimitation report, thus it is functioning as such. The existing staff is to ensure safety and general maintenance of the office. The Ministry envisages to use the structure as a Service Centre. The electricity units were purchased to keep the office operational.

The response from the Controlling Officer is appreciated. However, she did not provide any evidence to support the assertions made.

11.6.2. Durable Materials and Equipment Lying Idle at Discontinued Hlane Inkhundla (Constituency) Centre

I further noted that Durable Materials and Equipment were lying idle at the discontinued Constituency (Inkhundla) Centre offices. Though there was a Cleaner and a Night-watchman to clean and safeguard the structure, the furniture and equipment (durables material and equipment) were exposed to theft, since they were not recorded in any Stores Register, such as Inventory and Stores Ledger.

Below is the list of items that was found lying idle at Hlane Inkhundla Centre.

- One two-door Fridge
- One four-plate stove
- One Deep Freezer Fridge
- One Sharp AR5520 Photocopying machine
- One Printer Scanner MF 5462 SAGEM
- 60 Plastic Chairs
- Six (6) Arm Chairs
- One eight-bars fan oil heater
- Three (3) Desks
- Two Swivel Chairs
- Four Steel Cabinet
- One Burner Gas Stove
- One Monitor and One Central Processing Unit (CPU)

The value of these items continues to diminish and the neglected items may eventually become unusable. Government items are exposed to theft and may be used for personal gain.

The Ministry was advised to ensure that these items are re-allocated to other deserving Tinkhundla Centres.

In response, the Ministry concurred with my observation and explained that the durable material and equipment are meant to keep Inkhundla office operational.

The response from the Controlling Officer is appreciated. However, she did not provide any evidence to support the assertions made and value for money.

11.7. Unrecorded Durables and Consumables

From the inspected Tinkhundla Centres, I observed that acquired Durable Materials and Equipment amounting to E599,414.49 were not recorded in the Stores Ledger, and Durables and Consumable Materials amounting to E253,448.88 were also not recorded in the Inward Book. As such the Consumables Materials were not accounted for, since there were no records of distribution or allocation, for instance, Tally Cards or Recipient/Beneficial Record.

11.7.1. Unrecorded Durables in the Stores Ledger

The Stores Ledger serves to provide a record of all durable stores. It also serves as a control for tracing the location of the acquired stores and their movement. However, it was disquieting to note that the Stores Ledger was not maintained, as required by the Stores Regulations. As a result, all acquired Durable Materials and Equipment worth E599,414.49, were not recorded in the Stores Ledger during the financial year under review. These stores items were available during the physical verification exercise at the Tinkhundla Centres, in the Shiselweni and Lubumbo Regions.

Inkhundla	Voucher	Payee	Item description	Amount (E)
Matsenjeni North	120729	Dexter Projects	130 x Plastic Chairs	19,500.00
	080081	Babylon Investment	70 x Plastic Chairs	14,087.50
Nkilonzo	040353	Umtfuntl Welilanga	1 x Air Conditioner	18,680.00
	040354	Umtfuntl Welilanga	1 x Air Conditioner	18,680.00
Sithobela	120018	Linsiya Investment	1 x 7 x 12M 2 Pole Tent	19,995.00
	040357	Linsiya Investment	150 x Plastic chairs	19,995.00
Dvokodvweni	120715	Vanepex Investment	1 x Defy Fridge 290 Litres	7,500.00
	120715	Vanepex Investment	1 x Defy stove	5,900.00
	120715	Vanepex Investment	1 x 25L stainless steel URN	3,500.00
Lugongolweni	040347	Ndabenhle Investment	100 x Plastic Chairs	12,900.00
	040347	Ndabenhle Investment	1 x Steel Table	1,600.00
Siphofaneni	040349	WN Investment	100 x Plastic Chairs	12,900.00
Mhlangatane	040407	VIP Group	55 x Plastic Chairs	8,250.00
	050511	Sonaka Investments	2 x Air Conditioner	34,739.68
Madlangempisi	040408	Ndabenhle Investment	1 x 15-20 seater Boardroom table desk top table	34,750.00
Ndzingeni	060339	Six to Six Investment	1x 6 x 12M 2 Pole tent	19,900.00
Mbabane West	120865	Electro Dynamic Projects	1x Executive reception desk	20,000.00
	120865	Electro Dynamic	1x Executive two glass wooden wall unit	8,755.00
Mahlangatsha	040005	Linsiya Investment	100x Plastic Chairs	13,330.00
	070199	Baobob Express Furniture	1x 15-20 seater boardroom table	49,500.00
Ntandozi	080207	F&R Office & School Furniture	1x Desk with 3 drawers	8,695.00
	080207	F&R Office & School Furniture	1x desk thickness	9,400.00

Nhlambeni	120912	Target Furniture	1x Managers desk double with 6 drawers	10,360.00
	120912	Target Furniture	1 x Executive Reception Desk	16,500.00
	120912	Target Furniture	15x Mid back swivel fabric arm chair	31,500.00
Mafutseni	060325	Mc All Investment	1x Double door fridge	13,800.00
	060325	Mc All Investment	4x 3 legged pots size 25	15,479.56
Sigwe	070109	Baobab Express	1x 15-20 boardroom table	49,500.00
	070109	Baobab Investment	24x Clerical chairs	46,800.00
Gege	070113	Lirato Investment	100x plastic chairs	15,000.00
Zombodze Emuva	120658	Proper Investment	150x Plastic chairs	17,997.75
Shiselweni II	080300	Classic World	1x Projector dell	11,200.00
	080300	Classic World	1xHP Printer 5in!	8,720.00
Total				599,414.49

11.7.2. Inward Book

An Inward Book serves to provide a detailed record of all items received by the Ministry/Department. However, it was noted that some Tinkhundla Centres were not keeping or maintaining the Inward Book; as such, durables and consumables amounting to E253,448.88 were not recorded in the Inward Book, as illustrated in the table below.

Inkhundla	Items	Amount (E)
Shiselweni II	Garden tools and Kitchen Utensils	52,170.77
Shiselweni I	Garden tools	12,800.00
Siphofaneni	Furniture	12,900.00
Sithobela	Tent and Garden tools	36,917.77
Dvokodvweni	Furniture and Garden tools	23,728.75
Mpolonjeni	Garden tools	13,577.13
Matsanjeni North	Furniture	33,587.50
Lugongolweni	Furniture and Garden tools	18,494.21
Lomahasha	Garden tools	20,517.75
Mbabane West	Office Furniture	28,755.00
Total amount		253,448.88

Since only two regions were visited, a similar risk of non-recording of stores may have occurred in other regions as well. Non-recording of the stores renders them unaccounted for, untraceable and unknown, should they disappear, or be stolen.

This was in violation of the Stores Regulations Part 1 of 1975 and Financial Management and Accounting Manual of April 1993, Section 6 which requires that, the purchasing, receiving, custody and distribution of government stores should procedurally be recorded in the Inward Book”.

The Controlling Officer was advised to keep all records required by the government stores regulations.

In response, the Ministry concurred with my observation and explained that all the Tinkhundla Centres have no Ledger Books for recording durables but use the Inward Book to record all the durable and consumable materials. The inconsistency in keeping the inward books up-to-date, is mainly caused by the high staff turnover and non-availability of posts for stores personnel in the Tinkhundla Centres to maintain the Ledger Book as per the Stores Regulations.

The response from the Controlling Officer is appreciated. However, it is unsatisfactory, since no corrective measures have been undertaken.

11.8. Missing Plastic Chairs

When conducting a physical verification of items purchased through the Empowerment Fund under the Ministry of Tinkhundla, I discovered that 50 Plastic Chairs were missing in three Tinkhundla Centres, amounting to E6,518.98, as illustrated in the table below.

Inkhundla	Item Description	Number of items	Amount (E)
Sithobela	Plastic chairs	37	4,932.10
Siphofaneni	Plastic chairs	3	387.00
Zombodze Emuva	Plastic chairs	10	1,199.85
Total Amount			6,518.95

I recommended that the Ministry should conduct random surprise checks in all the Tinkhundla Centres and to ensure that Stores Records are maintained and updated annually. I also recommended the use of a coding system for all assets (durable material).

In response the Ministry concurred with my observation and explained that the missing 37 plastic chairs, for Sithobela, were locked up inside the Sports Council Hall due to insufficient space within the Inkhundla structure. The missing 3 plastic chairs, for Siphofaneni Inkhundla, were found; 2 were found in good condition and 1 was broken. For Zombodze Inkhundla, 10 plastic chairs were missing and 6 were recovered; 4 were in the office of Indvuna Yenkhundla, 2 were in the Gogo Centre and 4 are still missing. The Council was still checking with the Imiphakatsi.

The response from the Controlling Officer is appreciated. However, I am concerned about the lack of controls.

12. Audit of Community Poverty Reduction Fund Account

An audit of Financial Statements of the Community Poverty Reduction Fund Account (Appendix 40) for the fiscal year ended 31st March 2020 was conducted and I communicated the following audit query to the Controlling Officer through a memo referenced A2/2019/2020/35 dated 25th January 2021. There was no response received from the Controlling Officer, thus Financial and Accounting Instruction Number 0315 (ii) was contravened.

12.1. Undisclosed Outstanding Debts

I observed that outstanding debts for the Community Poverty Reduction Fund were not disclosed in the Financial Statements for the year ended 31st March 2020. The outstanding debts are the principal plus interest amounts owed by individuals who received loans from the Fund. The debts are long overdue and the Ministry has been struggling to recover the public funds from the beneficiaries.

According to reports submitted to the Public Accounts Committee (PAC), the outstanding debts amounted to **E9,605,432.00** as at September 2020, for the four regions. The breakdown is illustrated in the table below.

Region	Total Loan Amount	Loan plus Interest	Amount Paid	Amount Owed
	E	E	E	E
Manzini	5,645,207.00	6,723,937.00	2,253,183.00	4,470,754.00
Shiselweni	4,017,539.00	4,277,974.00	2,240,802.00	2,037,172.00
Hhohho	3,193,338.00	4,016,974.00	2,240,242.00	1,548,753.00
Lubombo	2,933,144.00	3,674,348.00	1,629,540.00	1,548,753.00
Total	15,789,228.00	18,693,233.00	8,363,767.00	9,605,432.00

The outstanding loans (amounts owed) are not disclosed in the financial statements of the Community Poverty Reduction Fund III or in the Statement of Outstanding Loans for the year ended 31st March 2020.

The Financial Statement of the Community Poverty Reduction Fund III for the year ended 31st March 2020 only shows cumulative repaid amounts, as captured in the Government Accounting System and illustrated in the table below.

Opening Balance 01.04.2019	Amount Lent during the year	Repayments 2019/2020	Balance as at 31 st March 2020
E	E	E	E
6,497,326.28	-	381,038.82	6,878,365.10

Although the report submitted to PAC was in September 2020, the cumulative repaid amounts of E8,363,767.00 represents a collection (recovered amount) of E1,485,310.90

recovered in a six-month period, when compared with the cumulative repayments balance of E6,878,365.10, that was reported by the Accountant General.

The Ministry was advised to provide an accurate breakdown of outstanding debts and recoveries made during the financial year ended 31st March 2020, and disclose the outstanding debts in the financial statements.

In her response referenced TINK 2/3, dated 16th February 2021, the Controlling Officer concurred with my observations. She stated that the outstanding debts balances were not disclosed in the financial statements, except for the repayments for the financial year 2019/2020. She also explained that the balances from the Financial Statement for the year ended 31st March 2020 were different from what the Ministry submitted to the PAC because the Ministry submitted an up-to-date balance by then, including cumulative repayments, since fund inception, not annual repayments, to the PAC.

The response of the Controlling officer is appreciated. However, it is unsatisfactory because it does not rectify the anomaly in the Financial Statements.

HEAD 10: MINISTRY OF NATURAL RESOURCES AND ENERGY

13. Audit of Detailed Statement of Recurrent Expenditure

An audit of the Detailed Statement of Recurrent Expenditure for the financial year ended 31st March 2020 was conducted and my findings were communicated to the Controlling Officer through a memorandum referenced N21 Vol. IX/11, dated 13th October 2020. The Controlling Officer responded through a memorandum referenced NRF/3/1/11/2, dated 21st October 2020; however, the following issues remain reportable.

13.1. Unauthorised Over-Expenditure on Recurrent Vote

I observed that there was an over expenditure of **E2,414,914.21** incurred on CTA Vehicle Charges and Personnel Costs by various Departments / Units within the Ministry, as illustrated in the table below.

Responsibility Centre	Control Item	Appropriated Budget (E)	Released Budget (E)	Actual Expenditure (E)	Over Expenditure (E)	%
26 -Lands	Personnel Costs	7,193,038.00	7,193,032.00	9,400,788.85	2,207,756.85	30.1
45 -Surveys	CTA Vehicle Charges	491,453.00	417,668.00	624,825.36	207,157.36	49.6
Total Unauthorised Over-Expenditure					2,414,914.21	31.7

Over expenditure beyond the budget released as appropriated by Parliament is not only unlawful but also has serious effect on the fiscal budget. This was in contravention of Financial and Accounting Instruction number 0202 (ii), which states that Controlling Officers are responsible for ensuring that no amount is spent in excess of the amounts specified by Treasury Warrants.

Section 107(3)(j) read with Section 34(7) of the Public Finance Management Act of 2017, also states that “a public office and public officer, or other person with responsibility for government resources commits an offence of financial misconduct if, without lawful authority under this Act or other lawful authority, that person willfully or negligently incurs unauthorised expenditures or makes unauthorised commitments. Any excess or any amount expended but not appropriated and which is not allowed under this section is treated as a loss of public moneys. As stated in the Section 34(5), unauthorised expenditure may lead to disciplinary actions.

In her response the Controlling Officer explained that the over-expenditure incurred on personnel costs under the Department of Lands resulted from unbudgeted salaries for the Land Management Board (LMB). The Ministry was advised by the Ministry of Finance

that Statutory Boards are budgeted for under the Ministry of Finance in consultation with the Ministry of Public Service.

Regarding the over expenditure on CTA Vehicle Charges incurred in the Responsibility Centre 45 – Surveyor General’s Office, she explained that the over expenditure was E180,420.00 not E207,157.36 and it was as a result of anomalies in the CTA billing system which was incurred during the month of October 2018 and the month of May 2019. He stated that such anomalies were identified and addressed to CTA on the strength that the vehicles were never hired by the department for the month of May 2019.

The response from the Controlling Officer is appreciated. However, unauthorised over expenditures are unlawful and unjustifiable.

13.2. Under Expenditure on Recurrent Vote

I observed that there were under expenditures amounting to **E2,742,821.20** incurred by the Ministry’s different Responsibility Centres and various control items. The table below illustrates the under expenditures.

Responsibility Centre	Control Item	Appropriated Budget	Released Budget	Actual Expenditure	Under Expenditure	%
10 Minister's Office		E	E	E	E	
	CTA Vehicle Charges	81,576.00	8,088.00	2,644.40	5,443.60	67.3
	Travel, Transport and Communication	551,421.00	542,637.00	386,144.82	156,492.18	28.8
11 Ministry Administration						
	Consumable Materials and Supplies	393,513.00	198,755.00	98,455.09	100,299.91	50.5
	Grants and Subsidies – Internal	1,078,485.00	1,078,485.00	-	1,078,485.00	100.0
26 Lands						
	Consumable Materials and Supplies	97,153.00	84,748.00	45,108.41	39,639.59	46.8
	Durable Materials and Equipment	60,000.00	60,000.00	-	60,000.00	100.0
34 Department of Water Affairs						
	04 Professional and Special Services	1,539,090.00	263,854.00	190,983.91	72,870.09	27.6
	06 Consumable Materials and Supplies	252,534.00	209,947.00	140,556.05	69,390.95	33.1
36 Rural Water Supply Branch						
	02 Travel, Transport and Communication	505,606.00	481,521.00	367,590.04	113,930.96	23.7
	06 Consumable Materials and Supplies	23,010.00	902.00	-	902.00	100.0

Responsibility Centre	Control Item	Appropriated Budget	Released Budget	Actual Expenditure	Under Expenditure	%
10 Minister's Office		E	E	E	E	
45 Surveys						
	01 Personnel Costs	7,567,745.00	7,567,745.00	6,596,225.88	971,519.12	12.8
46 Energy						
	02 Travel, Transport and Communication	70,689.00	57,883.00	42,320.16	15,562.84	26.9
	04 Professional and Special Services	39,498.00	12,617.00	7,838.20	4,778.80	37.9
	06 Consumable Materials and Supplies	110,054.00	74,811.00	21,304.84	53,506.16	71.5
Total Under Expenditure on Recurrent Vote					2,742,821.20	

Under expenditures of 10% or more in a year are considered to be not conducive to the development of the country.

Under expenditure is a serious concern as the unutilised funds deprive other Government projects or programmes of planned development initiatives. Had the funds been accessible and/ or used to finance essential programmes, they would have contributed towards the development and economic growth of the country.

In her response the Controlling Officer explained that there were occurrences of under expenditure on certain control items as revealed by the audit for the period that ended on the 31st March 2020. However, the occurrences of the under-expenditures were beyond the Ministry's control as there were delays in the release of the quarter budget allocated to the Ministry as well as the authorities to commit funds due to the fiscal challenges. In most instances, when the funds were eventually released, it was too late to make the necessary payments.

She further stated the Ministry is aware that the occurrence of under-expenditure is a serious concern to the fiscal budget and its implication. The Ministry wishes to affirm that all the funds that had been budgeted for were crucial to the Ministry's operations and had the funds been released on time, all the under-expenditures would have been avoided.

The Controlling Officer is commended for the detailed responses and commitment to eliminate the recurring over and under expenditure issues.

14. Audit of Detailed Statement of Capital Expenditure

An audit of the Detailed Statement of Capital Expenditure for the financial year ended 31st March 2020 was conducted, and I communicated the following audit queries to the Principal Secretary through a memorandum referenced N19 Vol.IX/18, dated 15th January 2021. The Controlling Officer responded through a memo referenced NRF/2/2/3 dated 24th January 2021

14.1. Unauthorised Capital Expenditure for W46555 – Ezulwini Water Supply and Sewer

I noted that Project W46555 – *Ezulwini Water Supply and Sewer* incurred unauthorised capital expenditure, amounting to **E77,589,093.00**. This project had no budget released but incurred actual expenditure. The details of the unauthorised capital expenditure are depicted in the table below.

Project Name	Approved Estimate	Revised Provision (E)	Released Funds (E)	Actual Expenditure (E)	Unauthorised Expenditure (E)
W46555 – Ezulwini Water Supply and Sewer	110,000,000	110,000,000	-	77,589,093.00	77,589,093.00

I am concerned that spending public funds without having any budget released undermines the purpose of a Warrant to Incur Expenditure which seeks to control cash flow, particularly in times of cash flow constraints.

In his response the Controlling Officer stated that the expenditure was approved under project W46555-Ezulwini Water Supply and sewer which is funded through a loan from the African Development Bank(AfDB), EWSC and the Eswatini Government. He mentioned that the AfDB loan covers construction costs and the Eswatini Government fund covers costs relating to construction as well as land transfers and access while EWSC covers consultancy fees. In addition, all cost of taxes and levies on the construction contract are covered by the Eswatini Government fund. He further stated that the bank's disbursement procedure for interim payment certificate requires that the implementing agency (EWSC) and the Ministry of Finance approve and authorise payments prior to the bank releasing funds which are paid directly to the service provider after receiving approved certificate of works done. Furthermore, the Ministry, working with Ministry of Finance and Economic planning and Development will ensure that the internal government procedures are complied with in future.

The Controlling officer's response is appreciated.

14.2. Non-utilisation of Released Project Funds on F02770 – Cooperation in Energy and Mineral Resources

Through a memorandum referenced N19/VOL IX/18, dated 12th November 2020, I communicated that there was non-utilisation of funds released amounting to **E5,006,015.00** for Project F02770 – *Cooperation in Energy and Mineral Resources*.

The entire budget was not utilised, resulting in non-utilisation of 100% in this project. Details are shown in the table below.

Project Name	Appropriated Budget (E)	Released Funds (E)	Actual Expenditure (E)	Non-utilisation
F02770 – Cooperation in Energy and Mineral Resources	21,600,000.00	5,006,015.00	0.00	5,006,015.00

The non-utilisation of realised funds indicates inefficiencies and delayed implementation of planned programs that were intended for economic development and deprives improvement of the lives of the citizens and/or service delivery to the public. Further, delayed projects may become expensive to complete, due to cost escalations and other factors.

In her response referenced GSD:3/1/5/2 dated 8th December 2020, the Controlling Officer acknowledged my observation and explained that the Ministry intended to use the funds in the financial year ended 31 March 2020. However, due to unforeseen circumstances, the funds were only received by the Government of Eswatini on the 1st November 2019, which falls on the second half of the financial year.

The Controlling Officer further explained that the late receipt of the funds resulted in the delayed release of an authority to commit funds from the Ministry of Finance, which was received on the 3rd February 2020 and the release warrant was then received on the 11th March, 2020. He enumerated that they experienced procurement delays.

He highlighted that the items to be procured exceeded E20,000.00, hence the Ministry had to go through the tendering process which could not be done since there was no Tender Board in place, as it was appointed in March 2020. This meant that the procurement process could not be completed in time, before 31st March 2020.

Further, the tender for the procurement of vehicles was opened and evaluated on the 28th February 2020 and submitted to the Tender Board on the 27th March 2020. However, the backlog and the lockdown as a result of the COVID-19 pandemic further delayed the process.

The Controlling Officer explained that there were no sources of supply for computer hardware at the time Computer Services Department granted authority to procure through a limited tender procurement method which had to be approved by the Tender Board.

The response of the Controlling is appreciated; however, it is unsatisfactory.

14.3. Under Expenditure on Project F03077 - Rural Electrification Programme VI

Through a memorandum referenced N19 VOL IX/18 dated 12th November 2020, I communicated that there was an under expenditure on Project F03077 – *Rural Electrification Programme VI*, amounting to **E4,302,812.96**. The details are as follows:

Project	Appropriated Budget (E)	Released Funds (E)	Actual Expenditure (E)	Under Expenditure (E)	%
P31299 - Rural Electrification Programme VI	38,450,000.00	27,000,000.00	22,697,187.04	4,302,812.96	16

Under expenditures of 10% or more in a year are considered to be not conducive to the development of the country. The under expenditure indicates inefficiencies and delayed implementation of planned programs that were intended for economic development and deprives improvement of the lives of the citizens and/or service delivery to the public. Further, delayed projects may become expensive to complete, due to cost escalations and other factors.

Under expenditure is a serious concern as the unutilised funds deprive other Government programmes of planned development initiatives. Had the funds been accessible and utilised to finance other essential programmes, they would have contributed to development and economic growth of the country.

In his response referenced MIN/NAT/C59H dated 8th December 2020, the Controlling Officer acknowledged my observation and explained that for the year ended 31st March 2020, the Government of the Republic of China (Taiwan) pledged Two Million United States Dollars (USD 2,000,000.00) for which the Ministry used the prevailing exchange rate of 13.50, which meant that Twenty-Seven Million Emalangen (E27,000,000.00) was budgeted for and thereafter released.

In accordance with the agreed disbursement plan with the Republic of China (Taiwan), fifty per cent (50%) of the total cost (amounting to E13,862,000.00) was transferred to

the Eswatini Electricity Company (EEC), at project inception, upon the submission of an invoice by EEC.

EEC continued to implement the project during the financial year 2019/2020 which included grid extension and submitted a progress report in January 2020 which indicated that more than 70% of the works were done thus invoking the release of the 2nd disbursement (40%) by the Republic of China (Taiwan) as per the agreed disbursement plan. However, EEC delayed submitting an invoice for the 2nd disbursement to the Ministry and eventually submitted a single invoice (including the last 10%) upon completion of works. This invoice was eventually submitted to the Ministry on the 23rd April 2020, after the financial year had already lapsed, hence the under expenditure.

He stated that it was that reason that there was an under expenditure on the project because the outstanding funds could not be transferred to EEC before the close of the financial year. However, the funds were carried over to the financial year 2020/21 and EEC has been paid for the implementation of the project.

The response of the Controlling is appreciated; however, it is unsatisfactory. There is no evidence that the Ministry made sufficient follow-ups to the supplier to ensure timely submission of the invoice.

15. Audit of Statement of Strategic Oil Reserve Fund

An audit of the Financial Statement of Strategic Oil Reserve Fund (Appendix 29) for the year ended 31st March 2020 was conducted and the following audit query was communicated to the Controlling Officer through a correspondence referenced N19 Vol.IX/20 dated 8th February 2021.

15.1. Capital Expenditure Not Charged Against Budget – Project No F02086 Ethanol Blending

I noted that capital expenditure of **E1,070,000.00** was recorded in the Cashbook and Strategic Oil Reserve Fund Financial Statement in the financial year ended 31st March 2020, whilst it was incurred and budgeted in the financial year ended 31st March 2019. The capital expenditure was not charged against appropriated (released) budget which was provided for in the financial year 2019, and there was no budget provision in the financial year ended 31st March 2020. This capital expenditure was for the procurement of ethanol blending designs for the blending facility and training of the emission testers of project F02086 at Phuzumoya.

In the financial year ended 31st March 2019, the capital expenditure was incurred and recorded in the Accounting System in month 11 through Batch 037, voucher number 110056, and then reversed in month 13 through Batch 021, voucher 130092. As a result, there was no expenditure against the released budget of E1,070,000.00, thus depicting a non-utilisation of project funds, as reflected in the Government Accounting System and illustrated in the table below.

Project Name	Funds Released (E)	Actual Expenditure (E)	Non-utilisation of Project Funds (E)	Variance %
Ethanol Blending	1,070,000.00	0	1,070,000.00	100

According to the bank statements, the project funds were actually transferred from the Strategic Oil Reserve Fund Account to the Eswatini National Petroleum Company's Bank Account, on 13th June 2019, which is financial year ended 31st March 2020.

Financial and Accounting Instruction 0108 states that "the authority for expenditure, deriving from an Appropriation Act, lapses at the end of the financial year to which it relates". Further, Financial and Accounting Instruction 0410 states that "it is necessary to keep a close control on all commitments, and enquiries should be made if a commitment does not become actual expenditure within a reasonable time".

The expenditure remains un-charged against the budget provision, hence the management (budget) account will continue to show non-utilisation of project funds, which distorts the budget account. This was caused by non-reconciliation and non-compliance with Financial and Accounting Instructions and the Public Finance Management Act (2017).

I advised the Controlling Officer to adhere to the Financial and Accounting Instructions cited above, and perform monthly reconciliations on all accounts. I also requested the Controlling Officer to explain of how such an anomaly occurred, and further state possible remedial action necessary to avoid such occurrences in the future.

In her response referenced NRF/ACC 8, dated 17th February 2021, the Controlling Officer stated that the payment was done through batch 037, voucher No. 110056 and when effecting a payment on the Strategic Account, the General Account was also automatically charged. The double charge was reversed in month 13, through batch 021, voucher number 130092; however, this entry erroneously reversed the funds to the project account. Thus, shows the non-utilisation of project funds.

She pledged to correct the anomaly through reversal transaction (JV). She further explained that to avoid the double charge happening again, they have agreed with the Accountant General that all transactions that source from the Strategic Reserve Account

will go through the General Account first and then be reimbursed from the Strategic Oil Reserve Fund.

The response of the Controlling is appreciated. However, I am not in agreement with the proposed arrangement, since it will result to commingling of funds and misappropriation of the Strategic Oil Reserve funds.

16. Audit of Nondvo Dam-Project W37099 (Mbabane – Manzini Corridor Dam Feasibility Study)

An audit of the Financial Statements for Nondvo Dam Project W37099 (Appendix 46) for the financial year ended 31st March 2020 was conducted and my audit findings were communicated to the Principal Secretaries of the Ministries of Natural Resources and Energy and Finance, including the Accountant General. The Accountant General responded through a memorandum referenced A2/2019/2020/22 which was received by my Office on 29th January 2021.

16.1. Background Information - Nondvo Dam Project W37099

The project was initiated in the year 2016 to assess the possibility of constructing the Nondvo Dam to harness water to supply the Mbabane to Manzini corridor with portable water. The project was mostly funded by the African Development Bank (AfDB) through grant funding and then the Eswatini Government providing counterpart funding as per the Funding Agreement, signed on the 11th February 2016. The AfDB has two funding envelopes for the project which are the African Water Facility and the Technical Assistance for Middle Income Countries. In addition, Climate Resilience Infrastructure Development) (CRIDF) came as a parallel co-financier providing technical assistance to the tune of €220,000.00 as a contribution to the Nondvo Dam Project and submitted reports.

The breakdown of the funding received for Nondvo Dam Project is illustrated in the table below:

Funding	Amount €	Exchange Rate	Amount (E)	Purpose
AfDB – African Water Facility (AWF)	1,280,000.00	19.5579	25,034,112.00	Payments to the two Consultants engaged to carry out the Nondvo Dam Feasibility and Detailed Design Studies, and Environment Social Impact Assessment Studies
AfDB – Technical Assistance for Middle Income Countries (MICTAF)	1,000,000.00	19.5579	19,557,900.00	

CRIDF, a parallel co-financier	220,000.00	19.5579	4,302,738.00	Other Studies and Advisory Services (Technical assistance and submitted reports)
Eswatini Government	300,000.00 (10.7% of the project funds)	19.5579	5,867,370.00	Studies management, coordination, communication, procurement of project vehicle and stakeholder consultation.
Total funding	2,800,000.00	19.5579	54,762,120.00	

16.2. Delays in Project Implementation: Mbabane – Manzini Corridor (Nondvo) Dam Feasibility Study

I noted that there were delays in the implementation of the project, which was initially scheduled to be completed on 31st December 2018 but was extended by 24 months to December 2020, and then it was further extended to 31st December 2021. The delay in the implementation of the project is now 36 months from the closing date of the Grants from African Development Bank.

Clause 2.7 of the Grant Agreement between the Kingdom of Eswatini and the African Development Bank, states that the Closing Date shall be the 31st December 2018 or such later date as the Bank shall establish.

Clause 17 of the Letter of Agreement for the Technical Assistance Fund for Middle Income Countries, states that the Closing Date of the Grant is 31st December 2018, or such later date as shall be agreed upon in writing between the Recipient and the Bank. No withdrawals of the Grant shall be made after the Closing Date, and any amount of the Grant then remaining not withdrawn shall be cancelled.

In the memo referenced DWA 334 dated 13th December 2018, to the Ministry of Finance, the Controlling Officer confirmed that there was slow implementation and disbursement rate, due to initial project delays on getting Government approval on the preferred water development option and only one Consultant was contracted (engaged) on the project until July 2018. The Ministry stated that, during the Mission Visit to Eswatini in 2018, the African Development Bank raised a concern on the slow implementation and disbursement rate of the project.

The justification for the first extension was that there was good progress on the project since the two Consultants (Studio Pietrangeli – Italian Firm and WSP Environmental – South African Firm) had been contracted by the Ministry and were working steadfastly on the project. Also, there was a need to get Government approval on the feasibility study outputs and preliminary designs before the Consultant proceed to undertake the final designs. This required sufficient time to allow for the internal approval processes in order

to get ownership of the project outputs from all key stakeholders and the stakeholder intensive consultation processes for the Environmental and Social Impact Assessment Studies. Hence, the Ministry of Finance was requested to approve the request and lodge an application with the Bank for a no cost extension for the Nondvo Dam Project with the last disbursement to 30th December 2020.

The current extension of the last disbursement date (closing date) of MIC TAF Grant# 5500155009701 and AWF Grant #56001550044351 from December 2020 to 31 December 2021, for the Mbabane – Manzini Corridor (Nondvo) Dam Study, was granted by the African Development Bank on the 4th November 2020 considering uncertainties associated with COVID-19.

I advised the Controlling Officer to fast-track and closely monitor the implementation of the project to ensure the achievement of the desired outcomes and outputs. Also, the Controlling Officer was requested to provide Project Initiation Document, Reports for the outputs and outcomes achieved, and a Programme of Action.

In the memorandum referenced DWA/334 dated 23rd December 2020, the Ministry explained that the Nondvo Dam Project was still ongoing after receiving a project extension from the African Development Bank which was the main project financier. The project implementation was extended to 31st December 2021. Hence, there was still a need for the Nondvo Dam project special account to be able to cater for project study management costs as well as to pay the project taxes on all invoices submitted by the Nondvo Dam Consultants.

Through a memorandum referenced DWA/C.31 dated 11th February 2021, the Controlling Officer requested an extension to 5th March 2021 to provide a detailed response on this audit query. I am concerned that the delays in the implementation of the project have deprived the beneficiaries the right to access clean and portable water, and compromised the achievement of desired benefits and development. The delays in the implementation are not favourable and are against the principle of attainment of 'value for money', since the project costs continue to escalate or increase. Further, the collaboration opportunities from interested financiers in the project might have been lost, and the quality of desired outputs and outcomes might have been compromised due to escalation costs and loss of data on feasible possibilities.

16.3. Non-payment of Withholding Tax

I noted that after disbursements made to the two consultants amounting to €1,364,598.96 (E26,688,690.00) by the 31st March 2020, the Ministry did not remit withholding tax of €191,441.37, which is equivalent to E3,744,191.17 at an exchange rate of €1 to E19.5579 as at 31st March 2020, to the Eswatini Revenue Authority. The table below depicts the disbursements and withholding taxes due as at 31st March 2020.

Consulting Firm	Contract Date	Contract Sum	Disbursements to Consultants	Withholding Tax due
Studio Pietrangeli	05/12/2016	€1,374,537.50	€1,099,626.56	€164,944.43 (15%) = E3,225,966.67
WSP Environmental	25/07/2018	€353,292.52	€264,969.40	€26,496.94 (10%) = E518,224.50
Total		€1,727,830.02	€1,364,598.96	€191,441.37 = E3,744,191.17

According to the memo referenced DWA 334/2020, dated 11th May 2020, the tax amount for WSP Environmental was intended to be paid from the project funds that were available in the Nondvo Dam Project Account held with the Central Bank of Eswatini. However, the project taxes for Studio Pietrangeli would not be paid from the projects since the tax amount that was then due exceeded the finances available in the project account.

The Government contribution was expected to also fund the payment of all project taxes. As such, in the 2019/2020 financial year there was approved and allocated budget to the Ministry to cater for the contribution and project taxes. However, the funds were not transferred to the Project Bank Account by the Accountant General upon requests from the Ministry; thus, the project account had limited funds to cater for the withholding taxes.

The Controlling Officer was advised to ensure that the withholding taxes including overdue amounts are promptly remitted to the Eswatini Revenue Authority. The non-remittance of withholding taxes, deprived government from receiving revenue; hence, it leads to under-collection of government revenue.

Through a memorandum referenced DWA/C.31 dated 11th February 2021, the Controlling Officer requested an extension to 5th March 2021 to provide a detailed response on this audit query.

16.4. Transferred Receipts (Funds) not Appearing in the Project's Account

In the fiscal year ended 31st March 2020, the Ministry of Natural Resources and Energy transferred an amount of E5,300,000.00 to the Nondvo Dam Project - W37099 but this amount did not appear in the Project's bank account. A similar transfer of an amount of E8,500,000.00 to the same project in March 2019 was noted.

Both receipt transfers were recorded in the Government Accounting System (AA220), and the Detailed Statement of Capital Expenditure - Appendix 8 which indicates that actual expenditure under Project W37099 was indeed E5,300,000.00 and charged against budget in the financial year ended 31st March 2020 and E8,500,000.00 in the previous year. Below are details of the transferred receipts (funds).

Financial Year	Account Number	Batch	Receipt Voucher	Amount (E)
2019/2020	103110204199	026/9	080195	5,300,000.00
2018/2019	103110204199	065/12	120113	8,500,000.00
Total				13,800,000.00

Both the amounts were not appearing in the Project's Bank Account number 100016207053, and were not disclosed in the Project's Financial Statement of Receipts and Payments (Appendix 46) for the fiscal years ended 31 March 2020 and 31st March 2019, respectively.

In a response referenced DWA/334, dated 28th January 2021, the Controlling Officer stated that the funds were appropriated (allocated) and requested but not transferred by the Accountant General into the Nondvo Dam Project Account for the two financial years; thus, were not appearing in the Project Financial Statements.

The response of the Controlling is appreciated; however, it is unsatisfactory, because the Government Accounting System shows that the funds were transferred to the Project. The Accountant General must explain why a transaction that had not occurred was captured in the Government Cash Book.

16.5. Undisclosed Expenditure and Commitments

The audit revealed that there were payments amounting to **E176,682.62** that were charged against budget as expenditure incurred but not disclosed in the Financial Statements for the year ended 31st March 2020. These payments were processed and captured as expenditure in the Government Accounting System, in month 12, as illustrated in the table below.

Payee	Checking Payment Date	Instrument Transfer Date	Voucher Number	Amount (E)
Eswatini Water Services Cooperation	05/03/2020	24/03/2020	120083	113,698.42
Temajobe Investments	05/03/2020	24/03/2020	120084	16,957.49
Mac-Rysales	17/03/2020	24/03/2020	120214	10,658.11
Zaza Investments Pty Ltd	05/03/2020	24/03/2020	120088	15,623.10
Sibane Hotel Emtini Ltd	05/03/2020	24/03/2020	120089	9,000.00
Hoageys Ltd	05/03/2020	24/03/2020	120087	10,745.50
Total				176,682.62

The Bank Statements show that the Central Bank of Eswatini eventually effected these payments (transferred funds to the suppliers) on 7th April 2020, however this was not the payment (transaction) date recorded in the Government Books of Accounts (Cash Book). Financial Statements are prepared using Cash Book and other General Ledger Balances, not using the Bank Statements.

Financial and Accounting Instruction 0108 states that “the authority for expenditure, deriving from an Appropriation Act, lapses at the end of the financial year to which it relates”. Further, Financial and Accounting Instruction 0410 state that “it is necessary to keep a close control on all commitments, and enquiries should be made if a commitment does not become actual expenditure within a reasonable time”, that is month 13.

The Ministry stated that the payment processes were started in March 2020 but the actual payment occurred on the 7th April 2020, after the closing date of the financial year 2019/2020. Thus the expenditure was excluded in the 2019/2020 financial statement and will be included in the 2020/2021 financial statement.

The response is appreciated, however, it is unsatisfactory because it does not provide the evidence about the date at which the transactions were recorded in the Cash Book and Accounting System.

16.6. No Attendance Registers for Project Meetings

I also noted that there were no attendance registers for project meetings held in various venues in the financial year ended 31st March 2020, while funds amounting to E80,617.60 were spent. Without the attendance registers that support occurrence of the events and justify the ‘value for money’ in the expenditure incurred, the funds used remain inadequately supported and unaccounted for. Below are details of the payments.

Payee	Voucher	Date Processed	Amount (E)
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Sibane Hotel	120089	3/3/2020	9,000.00
Sibane Hotel	40304	17/03/2020	16,800.00
Sibane Hotel	90178	29/01/2020	11,200.00
Happy Valley Hotel	50071	16/08/2019	7,250.00
Happy Valley Hotel	110060	12/03/2019	5,500.00
Happy Valley Hotel	None	29/01/2020	10,150.00
Mountain Inn	110027	12/03/2019	5,940.00
Mountain Inn	60057	21/10/2019	3,520.00
Mananga Country Lodge	110059	12/03/2019	11,257.00
Total			80,617.00

Financial and Accounting Instruction 0803 states that “all vouchers must contain full particulars in respect of the payment made to enable the voucher to be checked and paid without reference to any other document”.

The Controlling Officer was advised to ensure that the attendance registers for project meetings are attached in the payment vouchers.

There was no response to the above audit query. Hence, the Controlling Officer contravened Financial and Accounting Instruction 0315 (ii), which requires that the Controlling Officer should respond promptly to audit queries.

HEAD 15: GEOLOGICAL SURVEYS, MINERALS AND MINES DEPARTMENT

17. Audit of Detailed Statement of Recurrent Expenditure

An audit of the Detailed Statement of Recurrent Expenditure for the financial year ended 31st March 2020 was conducted and my findings were communicated to the Controlling Officer through a memorandum referenced G6 Vol. III/6, dated 13th October 2020. The Controlling Officer responded through a memorandum referenced G6 Vol. III/6, dated 21st October 2020; however, the following issues remain reportable.

17.1. Unauthorised Over-Expenditure on Recurrent Vote

I observed that there were unauthorised over expenditures amounting to **E1,513,225.81**. Over expenditure on CTA Vehicle Charges of E314,721.37 was incurred by the Departmental Administration, over expenditure on Personnel Costs of E988,195.32, and over expenditure on Rentals of E210,309.12 incurred by the Mining Administration Responsibility Centre. The details are illustrated in the table below.

Responsibility Centre	Control Item	Appropriated Budget	Released Budget	Actual Expenditure	Over Expenditure	%
11 Departmental Administration		E	E	E	E	
	CTA Vehicle Charges	3,758,202.00	2,203,903.00	2,518,624.37	314,721.37	14.3
13 Mining Administration						
	Personnel Costs	1,977,243.00	1,977,242.00	2,965,437.32	988,195.32	50.0
	Rentals	630,930.00	630,930.00	841,239.12	210,309.12	33.3
Total Unauthorised Over Expenditure					1,513,225.81	

Over expenditure beyond the budget released as appropriated by Parliament is not only unlawful but also has serious effect on the fiscal budget. This was in contravention of Financial and Accounting Instruction number 0202 (ii), which states that Controlling Officers are responsible for ensuring that no amount is spent in excess of the amounts specified by Treasury Warrants.

Section 107(3)(j) read with Section 34(7) of the Public Finance Management Act of 2017, also states that "a public office and public officer, or other person with responsibility for government resources commits an offence of financial misconduct if, without lawful authority under this Act or other lawful authority, that person wilfully or negligently incurs unauthorised expenditures or makes unauthorised commitments. Any excess or any amount expended but not appropriated and which is not allowed under this section is

treated as a loss of public moneys. As stated in the Section 34(5), unauthorised expenditure may lead to disciplinary actions.

In her response the Controlling Officer concurred with my observations of over expenditure on recurrent vote of E1,513,225.81 incurred on different Control Items in the Geological Survey, Minerals and Mining Departments, and she provided the following explanations.

Over Expenditure on CTA Vehicle Charges

The over expenditure of E314,721.37 on CTA vehicle Charges incurred by the Departmental Administration (Responsibility Centre 1100) was as a result of the allowable operation procedure when issuing fuel to the Department's vehicle. The Department is only allowed to issue Fuel Forms for refuelling from the Departmental Administration and this was the only centre that was allowed to re-fuel vehicles even for the other centres under Head 15. This arrangement has resulted to over-expenditure for Departmental Administration (Responsibility Centre 1100) whilst the other Responsibility Centres: Geological Survey (1200) and Mining Administration (1300) CTA Vehicle budgets remain under-utilised.

Over Expenditure on Personnel Costs

An over expenditure of E988,195.32 was noted under Personnel Costs in the Mining Administration Division, Responsibility Centre 1300. This was as a result of the conversion of the Mineral Management Board members from drawing Sitting Allowances under Item 041 to being salaried without the rightful Ministry budgeting for it. The Ministry of Finance was alerted about this anomaly and it was recommended that the Ministry of Public Service be informed during the upcoming budgetary cycle.

Over Expenditure on Rentals

The Mining Administration Division is housed at Lilunga House, where it pays monthly rentals, and the over expenditure of E210,309.12 was caused by the released budget amount not catering for the rentals increases. While the routine budgeting was done to provide for the rental expenditure and predicted inflation.

17.2. Under-Expenditure on Recurrent Vote

I also observed that there were under expenditures amounting to **E1,504,390.65**: under expenditures on CTA Vehicle Charges of E278,299.76, and Personnel Costs of E1,049,260.89 incurred by the Geological Survey and CTA Vehicle Charges of E176,830.00 was incurred by Mining Administration Division (responsibility centre 1300). The table below illustrates the under expenditures.

Responsibility Centre	Control Item	Appropriated Budget	Released Budget	Actual Expenditure	Under Expenditure	%
12 Geological Survey		E	E	E	E	
	CTA Vehicle Charges	934,222.00	580,736.00	302,436.24	278,299.76	47.9
	Personnel Costs	7,149,419.00	7,149,410.00	6,100,149.11	1,049,260.89	14.7
13 Mining Administration						
	CTA Vehicle Charges	286,491.00	228,814.00	51,984.00	176,830.00	77.3
Total Under Expenditure on Recurrent Vote					1,504,390.65	

Under expenditures of 10% or more in a year are considered to be not conducive to the development of the country. Under expenditure is a serious concern as the unutilised funds deprive other Government projects or programmes of planned development initiatives. Had the funds been accessible and/or used to finance essential programmes, they would have contributed towards the development and economic growth of the country.

In her response the Controlling Officer concurred with my observations of under expenditure on recurrent vote of E1,504,390.65, incurred on CTA Charges and Personnel Costs in the Geological Survey, and Mining Administration Divisions, and she provided the following explanation.

Under Expenditure on Personnel Costs – Geological Survey

This was caused by existing vacancies from natural attrition in the Geological Survey Division (Responsibility Centre 1200). The Personnel Costs was budgeted for by the Ministry of Public Service and included these vacancies. The Ministry of Public Service has, unfortunately, restricted recruitment and filling of vacancies through an authority after it has conducted reviews on the benefit of the filling of the posts.

The Controlling Officer is commended for the detailed responses and commitment to eliminate the recurring over and under expenditures.

HEAD 20: MINISTRY OF AGRICULTURE

18. Audit of Detailed Statement of Recurrent Expenditure

An audit of the Detailed Statement of Recurrent Expenditure for the financial year ended 31st March 2020 was conducted and my findings were communicated to the Controlling Officer through memoranda referenced A15 VOL XII/15 dated 28th October 2020 and A15 Vol XII/22, dated 18th December 2020. The Controlling Officer responded through a memorandum referenced AGF 95, dated 11th November 2020; however, the following issues remain reportable.

18.1. Unauthorised Over-Expenditure on Recurrent Vote

I observed that there was an over expenditure on Drugs of **E4,557.61**, incurred by the Department of Livestock Production and Extension Services of the Ministry, as illustrated in the table below.

Control Item	Responsibility Centre	Appropriated Budget	Released Budget	Actual Expenditure	Over Expenditure	%
		E	E	E	E	
Drugs	Department of Livestock Production and Extension Services	5,000.00	5,000.00	9,557.61	4,557.61	91.2
Over Expenditure on Drugs		5,000.00	5,000.00	9,557.61	4,557.61	91.2

Over expenditure beyond the budget released as appropriated by parliament is not only unlawful but also has serious effect on the fiscal budget. This was in contravention of Financial and Accounting Instruction number 0202 (ii), which states that Controlling Officers are responsible for ensuring that no amount is spent in excess of the amounts specified by Treasury Warrants.

Section 107(3)(j) read with Section 34(7) of the Public Finance Management Act of 2017, also states that "a public office and public officer, or other person with responsibility for government resources commits an offence of financial misconduct if, without lawful authority under this Act or other lawful authority, that person wilfully or negligently incurs unauthorised expenditures or makes unauthorised commitments. Any excess or any amount expended but not appropriated and which is not allowed under this section is treated as a loss of public moneys. As stated in the Section 34(5), unauthorised expenditure may lead to disciplinary actions.

In his response referenced AGF 95, dated 28th December 2020, the Controlling Officer concurred with the observation. He explained that the over expenditure was caused by procurement of Veterinary Medicines/Supplies from the Medical Stores (Under item 03) instead of sourcing from private supplies (under item 064). The requisite reallocation of E4,557.61 from item 06 to item 03, under Centre 2162 Shiselweni field services did not go through. He also stated that the Ministry will strength internal controls and ensure reallocations are processed speedily to facilitate normal function of the Veterinary Clinics whilst avoiding recurrence of such apparent over-expenditure in the future.

The response from the Controlling Officer is appreciated. However, unauthorised over expenditures are unlawful and unjustifiable.

18.2. Under-Expenditure on Recurrent Vote

I also observed that there were significant under expenditures amounting to **E21,658,958.16** incurred by the various responsibility centres of the Ministry. Under expenditures on CTA Vehicle Charges of **E10,818,259.30**; Personnel Costs of **E6,793,413.64**; Travel, Transport and Communication of **E1,561,051.99**; Professional and Special Services of **E2,131,507.33**; Consumables Materials and Supply of **E145,705.00**; Durables Materials and Equipment of **E51,520.00**; and Grants and Subsidies – Internal of **E157,500.00**, were incurred by various Responsibility Centres of the Ministry, respectively.

The table below illustrates the under expenditures.

Control Item	Responsibility Centre	Appropriated Budget	Released Budget	Actual Expenditure	Under Expenditure	%
		E	E	E	E	
CTA Vehicle Charges	10-Minister's Office	64,600.00	6,400.00	2,722.37	3,677.63	57.5
	11-Ministry Administration	32,340,711.00	23,288,181.00	18,813,094.59	4,475,086.41	19.2
	12-Department of Agriculture Planning and Analysis	200,069.00	133,377.00	46,529.44	86,847.56	65.1
	21-Department of Livestock Production and Extension Services	5,864,263.00	3,848,985.00	2,367,325.93	1,481,659.07	38.5
	22-Agriculture Promotion and Extension	10,572,347.00	4,892,115.00	2,569,256.06	2,322,858.94	47.5
	24-Forestry	190,183.00	126,787.00	11,490.24	115,296.76	90.9
	26-Department of Agriculture Land Use Planning and Development	8,157,336.00	5,438,220.00	4,398,456.40	1,039,763.60	19.1
	27-Department of Agricultural Research and Specialist Services	2,769,063.00	1,846,037.00	825,834.95	1,020,202.05	55.3
	51-Cooperatives and Marketing	435,157.00	290,097.00	17,229.72	272,867.28	94.1

Under Expenditure on CTA Vehicle Charges		60,593,729.00	39,870,199.00	29,051,939.70	10,818,259.30	
Personnel Costs	12-Department of Agriculture Planning and Analysis	6,165,807.00	6,165,804.00	5,386,774.31	779,029.69	12.6
	22-Agriculture Promotion and Extension	51,993,759.00	51,993,739.00	45,979,355.05	6,014,383.95	11.6
Under Expenditure on Personnel Costs		58,159,566.00	58,159,543.00	51,366,129.36	6,793,413.64	
Travel, Transport and Communication	11-Ministry Administration	4,056,946.00	4,041,962.00	2,788,342.23	1,253,619.77	31.0
	12-Department of Agriculture Planning and Analysis	97,323.00	89,980.00	73,474.78	16,505.22	18.3
	21-Department of Livestock Production and Extension Services	407,043.00	338,687.00	220,437.35	118,249.65	34.9
	22-Agriculture Promotion and Extension	430,310.00	393,806.00	267,138.03	126,667.97	32.2
	23-Fisheries	28,210.00	15,301.00	13,087.59	2,213.41	14.5
	26-Department of Agriculture Land Use Planning and Development	147,384.00	136,097.00	102,762.73	33,334.27	24.5
	27-Department of Agricultural Research and Specialist Services	61,128.00	42,264.00	36,056.46	6,207.54	14.7
	31-Home Economics	8,171.00	4,858.00	603.84	4,254.16	87.6
Under Expenditure on Travel, Transport and Communication		5,236,515.00	5,062,955.00	3,501,903.01	1,561,051.99	
Professional and Special Services	11-Ministry Administration	7,958,386.00	6,842,705.00	5,470,266.19	1,372,438.81	20.1
	12-Department of Agriculture Planning and Analysis	56,143.00	24,124.00	993.85	23,130.15	95.9
	21-Department of Livestock Production and Extension Services	1,069,062.00	714,297.00	413,902.01	300,394.99	42.1
	22-Agriculture Promotion and Extension	932,750.00	849,532.00	463,152.38	386,379.62	45.5
	23-Fisheries	27,047.00	25,677.00	22,753.20	2,923.80	11.4
	27-Department of Agricultural Research and Specialist Services	61,331.00	46,571.00	31,765.85	14,805.15	31.8
	31-Home Economics	73,497.00	40,309.00	8,874.19	31,434.81	78.0
Under Expenditure on Professional and Special Services		10,178,216.00	8,543,215.00	6,411,707.67	2,131,507.33	
Consumables Materials and Supplies	10-Minister's Office	29,280.00	26,623.00	18,970.02	7,652.98	28.7
	11-Ministry Administration	359,723.00	272,958.00	205,216.99	67,741.01	24.8
	12-Department of Agriculture Planning and Analysis	21,293.00	14,188.00	4,578.13	9,609.87	67.7
	23-Fisheries	121,047.00	64,281.00	51,122.70	13,158.30	20.5
	27-Department of Agricultural Research and Specialist Services	217,121.00	140,612.00	111,294.59	29,317.41	20.8
	31-Home Economics	41,765.00	27,836.00	9,609.67	18,226.33	65.5
Under Expenditure on Consumables Materials and Supplies		790,229.00	546,498.00	400,792.10	145,705.90	
Durables Materials and Equipment	21-Department of Livestock Production and Extension Services	79,500.00	79,500.00	27,980.00	51,520.00	64.8

Total Under Expenditure on Durables Materials and Equipment		79,500.00	79,500.00	27,980.00	51,520.00	
10 -Grants and Subsidies – Internal	11-Ministry Administration	157,500.00	157,500.00	-	157,500.00	100
Under Expenditure on Grants Subsidies – Internal		157,500.00	157,500.00	-	157,500.00	
Total Under Expenditure on Recurrent Vote					21,658,958.16	

Under expenditures of 10% or more in a year are considered to be not conducive to the development of the country. Under expenditure is a serious concern as the unutilised funds deprive other Government projects or programmes of planned development initiatives. Had the funds been accessible and/ or used to finance essential programmes, they would have contributed towards the development and economic growth of the country.

In his response referenced AGF 95, dated 11th November 2020, the Controlling Officer concurred with my observations of under expenditures amounting to E21,658,958.16 and he provided the following explanations for the under expenditures.

CTA Vehicle Charges

Minister's Office: *Charges are paid from Administration Vote because authority to draw fuel is issued by an officer who draws salary from that activity. At the end of the financial year, relevant reallocation of funds from the Minister's Office to Administration were delayed, resulting in under expenditure on the former.*

Ministry Administration: *Fuel usage controls coupled with less activity because of some Ministry vehicles waiting for repairs at CTA have resulted in under expenditure of 19.2% on CTA charges.*

Economic Planning and Analysis Section: *The 65.1% under-expenditure on this item is a result of frequent breakdowns. The Department now has only two old vehicles when it had budgeted for 5. The other vehicles had breakdowns and have not been fixed by CTA. When the vehicles are not running, there are no fuel costs incurred, hence the under expenditure.*

Veterinary and Livestock Services: *The 38.5% under expenditure is due to overall reduction in serviceable vehicles meaning that less cars are fuelled. Furthermore, often fuel availability was interrupted. At some point Shiselweni did not have a vehicle for over four (4) months making work difficult for Veterinary services in the region.*

Department of Agriculture Promotion and Extension: The 47.5% under expenditure on this item is a result of the Central Transport Organisation's system being behind.

Land Use Planning and Development: Funds allocation could not be utilised on this item because some heavy plant and machinery which were broken down are still lying idle, not repaired at CTA because of spare parts shortages. Another factor is the uncertainty of budget variance because of late capture for expenditure on this item.

Department of Agricultural Research and Planning: The 55.3% under expenditure is mainly due to breakdown of most of the department's vehicles and tractors due to old age. These vehicles are waiting for repairs by CTA.

Personnel Costs

Economic Planning and Analysis section: The under-expenditure of 12.6% is attributed to posts that have remained vacant because of the government circular that froze the filling of vacant posts.

Department of Agriculture Promotion and Extension: The 11.5% under expenditure on this item is due to non-effecting of promotions and appointment of staff into new position as a result of the issuance of a circular stopping same due to the need to manage the expenditure on salaries. The situation has since been normalised following the issuance of a waiver granting authority to appoint officers to vacant positions and effecting of promotions.

Travel, Transport and Communication

Ministry Administration: Ministry under-spent by 31% on this item because of good controls on external travelling after government has stopped almost all unsponsored trips abroad.

Economic Planning and Analysis Section: The 18.3% under-expenditure on this item is attributed to some planned external trips which could not be undertaken as well as controls that were effected on the use of communication system.

Veterinary and Livestock Services: The under expenditure of 34.9% was due to claims for internal travel and car mileage allowance like all other allocations come inadequate each quarter. It often happens that at any point in time there is insufficient funds to accommodate enough officers such that it is not possible to allow some to claim and leave others. This in itself has also caused some officers to give up on submitting claims. When more funds were made available in February there was insufficient time to utilise them. Furthermore, we notice in general that compliance of officers is becoming a challenge, such challenges include submitting bus tickets and submitting blue books in

their names for those with cars. Ongoing training awareness exercises are essential especially for new officers.

There were workshops and meetings anticipated for external travel, so the funds (E22,472.00) were reserved for these and any other emergency travel. It became difficult to move or utilise them somewhere else considering difficulties in getting Ministry of Finance authority to spend.

There were funds that were to transport samples for proficiency testing (professional services – 041) which could not be spent when the service could not be provided.

Department of Agriculture Promotion and Extension: *The 32.2% under expenditure was due to the suspension of external travel during the third and fourth quarter of the year due to the outbreak of the Corona Virus Pandemic. The under expenditure will be addressed when the situation on the Corona Virus outbreak improves and schedule travel resumes.*

Fisheries Section: *An under expenditure of 14.5% may be due to that the funds had been released yet claims for travels on external trips were closed.*

Land Use Planning and Development: *The 24.5% under expenditure was caused by stoppage of unsponsored external trips and positive controls on communication expenditure.*

Department of Agricultural Research and Planning: *The 14.7% under expenditure is due to that some of the planned external trips were suspended as a result of COVID-19 outbreak in countries of destination such as Italy.*

Home Economics: *The under expenditure of 87.6% was due to that the department have only one vehicle and it was in the garage for three (3) years, the section had no transport. Telephone lines were disconnected in this section as the Ministry was trying to minimise communication expenses.*

Professional and Special Services

Ministry Administration: *The under expenditure of 20.1% was caused by late release of authority to spend government funds, amongst other causes. Some items can only be procured after full budget has been released which normally happens too late in the financial year.*

Economic Planning and Analysis Section: *The 95.9% under expenditure was attributed to the budget release of a smaller portion of the allocation which became inadequate for engaging on professional studies.*

Veterinary and Livestock Services: The under expenditure of 42.1% was due to the fact that most funds are those for paying of SLITS licenses and service fees. In the financial year 2019/2020 there were problems with the payment of the service provider due to the process of realigning the original contract/agreement (Called Service Level Agreement) signed at the establishment of the livestock database (SLITS). This working agreement is now required to align with the Procurement Act yet functioning of database should not stop in the process. Delays are due to technicalities of sorting this with Eswatini Public Procurement Regulatory Authority (ESPPRA) and Government Computer Service who have both been engaged, as well as advice from Government Tender Board. Up to today this "procurement" technically has not been adequately sorted to pay the service provider.

Funds for proficiency testing (041) coming in quarters were insufficient for this professional service as such some of the tests could not be conducted when the final allocation was made late in the final quarter, coupled with difficulty in obtaining authority to commit funds.

Other funds for contract printing were a result of failure to obtain authority to commit funds from the Ministry of Finance so that procurements could be made on time.

Department of Agriculture Promotion and Extension: The 45.5% under expenditure was due to outbreak of the Corona Virus which resulted in the undertaking of the major activities in the department being scaled down and the reduction in expenditure. It was however, expected that the situation will normalise when the Corona Virus outbreak gets to be managed and work returns to normal.

Fisheries Section: An under expenditure on Professional and Special Services and Consumable Materials and Supplies of 11.4% and 20.5% respectively was due to that the funds that were released in the last quarter could not be used because the spending was closed early. In the last financial year, the section had requisitioned to spend but Finance closed before Authorities were released.

Department of Agricultural Research and Planning: The 31.8% under expenditure can be attributed to the fact that some of the requisitions submitted to the Ministry of Finance were not processed till elapse of procurement period.

Home Economics: The under expenditure of 78.0% is due to that requisitions were made and we could not get authority to utilise the funds.

Consumable Material and Supplies

Ministry Administration: Funds were released late and procurement processes were delayed resulting in the 24.8% under expenditure. Some items procurement had to be pushed forward to the following financial year.

Economic Planning and Analysis Sector: The 67.7% under-expenditure is attributed to delays in obtaining the authority to spend which took long until procurement closed.

Department of Agriculture Research and Planning: The 20.8% under expenditure under this control item is as a result of delays in the procurement process and approval of re-allocations by the Ministry of Finance.

Home Economics: The under expenditure of 65.5% is due to that authority to spend funds was not granted despite that requisitions were made on time.

Durable Materials and Equipment

Veterinary and Livestock Services: the under expenditure of 64.8% is due to delay in getting authority to spend, from Finance. For example, under Responsibility Centre 2163, this authority was never granted yet funds had been reallocated for the purchase of a photocopier. There was also a delay caused by late release of funds, acquiring authority from Government Computer Services, acquiring authority to commit and spend funds from Ministry of Finance, and printing of Government Purchase Orders. The delay in issuing the purchase order delayed delivery and reconciliation for payments.

The Controlling Officer is commended for the detailed responses, though there is no commitment to eliminate the recurring over and under expenditures in future.

19. Audit of Detailed Statement of Capital Expenditure

An audit of the Detailed Statement of Capital Expenditure for the financial year ended 31st March 2020 was conducted and my findings were communicated to the Principal Secretary through a memorandum referenced A15 VOL XII/24, dated 15th January 2021, to which there has been no response to date. This contravenes Section 0203(xii) of the Financial and Accounting Instructions of 1970, requiring that audit queries be addressed promptly.

19.1. Unauthorised Capital Expenditure

I noted that three projects incurred unauthorised capital expenditure, amounting to **E228,693,807.00**. These projects had no budget released but incurred actual expenditures. The details of the unauthorised capital expenditure are depicted in the table below.

Project Name	Appropriated Budget (E)	Released Funds (E)	Actual Expenditure (E)	Unauthorised Expenditure (E)
A38061- Smallholder Market LED Production Project	55,723,000	-	26,141,666	26,141,666
A38155 - Lower Usuthu II Extension-Downstream Development	751,727,000	-	201,112,909	201,112,909
W37652- Water Harvesting, Small & Medium Dams	83,711,000	-	1,439,232	1,439,232
Total Unauthorised Expenditure				228,693,807.00

Unauthorised expenditures beyond the budget released are not only unlawful but also have a serious effect on the fiscal budget. This was in contravention of Financial and Accounting Instruction 0202 (ii), which states that Controlling Officers are responsible for ensuring that no amount is spent in excess of the amounts specified by Treasury Warrants.

Section 107(3)(j) read with Section 34(7) of the Public Finance Management Act of 2017, also states that "a public office and public officer, or other person with responsibility for government resources commits an offence of financial misconduct if, without lawful authority under this Act or other lawful authority, that person wilfully or negligently incurs unauthorised expenditures or makes unauthorised commitments. Any excess or any amount expended but not appropriated and which is not allowed under this section is treated as a loss of public moneys. As stated in the Section 34(5), unauthorised expenditure may lead to disciplinary actions.

I am concerned that spending public funds without having any budget released undermines the purpose of a Warrant to Incur Expenditure which seeks to control cash flow, particularly in times of cash flow constraints.

There was no response received from the Controlling Officer, thus Financial and Accounting Instruction 0315 (ii), which requires that the Controlling Officer should respond promptly to audit queries, was contravened.

HEAD 23: ECONOMIC PLANNING AND DEVELOPMENT

20. Audit of Detailed Statement of Recurrent Expenditure

An audit of the Detailed Statement of Recurrent Expenditure for the financial year ended 31st March 2020 was conducted and my findings were communicated to the Controlling Officer through a memorandum referenced S62A Vol. VI/9, dated 9th November 2020. The Controlling Officer responded through a memorandum referenced Head 23, dated 16th November 2020; however, the following issues remain reportable.

20.1. Unauthorised Over-Expenditure on Recurrent Vote

I observed that there was an over expenditure of E349,523.62 incurred on CTA Vehicle Charges, and Travel, Transport and Communication by the Statistics and Minister's Office, respectively. The table below illustrates the over expenditures.

Responsibility Centre	Control Item	Appropriated Budget (E)	Released Budget (E)	Actual Expenditure (E)	Over Expenditure (E)	%
31-Statistics	CTA Vehicle Charges	1,233,035.00	1,102,274.17	1,392,274.17	289,567.17	26.3
10-Minister's Office	Travel, Transport and Communication	409,189.00	402,302.00	462,258.45	59,956.45	14.9
Total Unauthorised Over Expenditure on Recurrent Vote					349,523.62	

Over expenditure beyond the budget released as appropriated by parliament is not only unlawful but also has serious effect on the fiscal budget. This was in contravention of Financial and Accounting Instruction number 0202 (ii), which states that Controlling Officers are responsible for ensuring that no amount is spent in excess of the amounts specified by Treasury Warrants.

Section 107(3)(j) read with Section 34(7) of the Public Finance Management Act of 2017, also states that "a public office and public officer, or other person with responsibility for government resources commits an offence of financial misconduct if, without lawful authority under this Act or other lawful authority, that person wilfully or negligently incurs unauthorised expenditures or makes unauthorised commitments. Any excess or any amount expended but not appropriated and which is not allowed under this section is treated as a loss of public moneys. As stated in the Section 34(5), unauthorised expenditure may lead to disciplinary actions.

In his response, the Controlling Officer concurred with my observations of over expenditures, and explained that the Budget allocations are normally insufficient to cover all activities per line item, and as such the ministry resorts to re-allocations in order to fulfil their mandate. Central agencies took decision to cut on allocations for recurrent budget to conform to the projected revenues and cash flow issues. In addition, Ministry of Finance has effected measures of controlling spending and re-allocations among budget lines. Consequently, the budgets have been continuously declining. For instance, the Minister's office has a lot of travel and the budget was insufficient and travel has elements of exchange rate movements which cause changes in the budget.

Concerning Statistics, transport budget was not sufficient to cover surveys they have. We admit it was unfortunate that the Ministry was unable to make the necessary adjustments before close of the financial year which attributed to breakdown in government operation chain system due to effects of lockdown and the process of getting authority to commit funds.

20.2. Under-Expenditure on Recurrent Vote

I also observed that there was an under expenditure of E498,050.85 incurred by the Ministry's different responsibility centres and various control items. The table below illustrates the under expenditures.

Responsibility Centre	Control Item	Appropriated Budget	Released Budget	Actual Expenditure	Under Expenditure	%
10 Minister's Office		E	E	E	E	
	CTA Vehicle Charges	94,600.00	23,066.00	-	23,066.00	100.0
	Consumables Materials and Supplies	624.00	416.00	-	416.00	100.0
	Sub-total	95,224.00	23,482.00	-	23,482.00	100.0
11 Ministry Administration						
	CTA Vehicle Charges	2,521,588.00	1,661,057.00	1,318,254.62	342,802.38	20.6
12 Department of National Economic Planning						
	Travel, Transport and Communication	342,427.00	290,138.00	223,078.98	67,059.02	23.1
	Professional and Special Services	88,791.00	23,987.00	-12,639.06	36,626.06	152.7
	Consumables Materials and Supplies	45,946.00	22,689.00	8,635.70	14,053.30	61.9
	Sub-total	477,164.00	336,814.00	219,075.62	117,738.38	35.0
31-Statistics	Professional and Special Services	129,725.00	37,037.00	23,008.91	14,028.09	37.9
Total Under Expenditure on Recurrent Vote					498,050.85	

Under expenditures of 10% or more in a year are considered to be not conducive to the development of the country. Under expenditure is a serious concern as the unutilised funds deprive other Government projects or programmes of planned development initiatives. Had the funds been accessible and/ or used to finance essential programmes, they would have contributed towards the development and economic growth of the country.

In his response the Controlling Officer concurred with my observations about the under expenditures and stated that allocated budget need to be fully utilized to maximise service delivery. He explained that the Ministry was unable to make use of the budget allocation, resulting in the under-expenditure because some of these items require getting authorities to commit from other agencies. The Ministry's anticipation was to make adjustments, re-aligning budget against its expenditure. It was unfortunate that the ministry's personnel were not able to facilitate funds re-allocations, to avoid under-expenditure in the different responsibility centres and various control items.

The Controlling Officer is commended for the detailed responses and commitment to eliminate the recurring over and under expenditures.

21. Audit of Detailed Statement of Capital Expenditure

An audit of the Detailed Statement of Capital Expenditure for the financial year ended 31st March 2020 was conducted and my findings were communicated to the Principal Secretary through memorandum referenced S62A Vol VI/16 dated 15th January 2021 and another dated 11th January 2021 referenced S62A Vol VI/15. The Controlling Officer responded through a memorandum referenced PMU/11/29 Vol.4 dated 18th February 2021.

21.1. Unauthorised Capital Expenditure

I noted that there was unauthorised capital expenditure incurred on three projects, amounting to **E499,131,761.51**. These projects had no budget released but incurred actual expenditures. The details of the unauthorised capital expenditure are depicted in the table below.

Project Name	Appropriated Budget (E)	Released Funds (E)	Actual Expenditure (E)	Unauthorised Expenditure (E)
G58563-Construction of International Convention Centre and Five Star	1,085,880,000.00	0.00	3,500,151.23	3,500,151.23
G61663 – Five Star Hotel (FISH)	464,000,000.00	0.00	494,527,610.28	494,527,610.28
W37570 – Water and Sanitation for Nkhungwini, Mhlange	0.00	0.00	1,104,000.00	1,104,000.00

Total Unauthorised Expenditure				499,131,761.51
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Moreover, I observed that there was unauthorised (unappropriated) expenditure amounting to **E1,104,000.00** incurred on capital Project W37570 – Water and Sanitation for Nkhungwini, Mhlanga implementing by the Micro-Project Unit under the Ministry of Economic Planning and Development. There was no budget appropriated or released funds for this project in the financial year ended 31st March 2020; hence, the expenditure incurred was not authorised or unlawful. The details are illustrated in the table below.

Project	Appropriated Budget	Funds Released	Actual Expenditure	Unauthorised Expenditure
	E	E	E	E
W37570 Water and Sanitation for Nkhungwini, Mhlanga	0.00	0.00	1,104,000.00	1,104,000.00

I also noted that the same project incurred an unauthorised over expenditure of **E15,877,252.93** in the financial year ended 31st March 2019. *In his response referenced ECO/81/8/15MPP, the Controlling Officer reported that actual expenditure on project W37570 was E15,718,455.39 and further mentioned that, additional funds were sourced locally from the Community Development Special Fund.*

Unauthorised expenditures beyond the budget released are not only unlawful but also have a serious effect on the fiscal budget. This was in contravention of Financial and Accounting Instruction 0202 (ii), which states that Controlling Officers are responsible for ensuring that no amount is spent in excess of the amounts specified by Treasury Warrants.

Section 107(3)(j) read with Section 34(7) of the Public Finance Management Act of 2017, also states that “a public office and public officer, or other person with responsibility for government resources commits an offence of financial misconduct if, without lawful authority under this Act or other lawful authority, that person wilfully or negligently incurs unauthorised expenditures or makes unauthorised commitments. Any excess or any amount expended but not appropriated and which is not allowed under this section is treated as a loss of public moneys. As stated in the Section 34(5), unauthorised expenditure may lead to disciplinary actions.

I am concerned that spending public funds without having any budget released undermines the purpose of a Warrant to Incur Expenditure which seeks to control cash flow, particularly in times of cash flow constraints.

In his response referenced PMU/11/29 Vol.4 dated 18th February 2021, the Controlling Officer concurred with my observations and acknowledged the lack of release of funds for the foreign financing source of the projects. He pledged to rectify such anomaly in future budget allocations.

He stated that there was no projected expenditure on Project G585/63 during the period audited; however, there were amounts remaining in the project accounts of both the ICC and Five Star Hotel at Central Bank. Funds were required to avert a crisis on the project in which material had been ordered by the contractor from Taiwan but could not be paid and was held at customs. As such an amount of E16,300,000.00 was required to release the material.

With regards to Project G616/63, the Controlling Officer explained that at the time of the mid-term forecast 2018, the anticipated expenditure was E464,000,000.00; however, more funds were required during the financial year under review, hence the actual expenditure incurred was E494,527,610.00.

The response of the Controlling Officer is highly appreciated. However, the audit queries remain reportable. The Controlling Officer did not comment on the actual expenditures for Project G58563 – Construction of International Convention Centre and Five Star and Project W37570 – Water and Sanitation for Nkhungwini, Mhlanga, as reported by the Accountant General, in the financial statements.

21.2. Significant Underspending on Various Capital Projects: G42299, G57399, G57599, G59999, G60199, and G60599

Through my memorandum referenced S62A Vol.VI/11 dated 12th November 2020, I reported that there was significant underspending amounting to **E4,707,299.18** on six capital projects implemented by the Ministry; hence there was under-utilisation of projects funds released for the various projects. These projects were G42299 – *Implementation of Development Strategies*, G57399 – *Payment of EU Recoveries*, G57599 – *The Swaziland Agriculture Survey*, G59999 – *Multiple Indicator Cluster Survey*, G60199 – *Swaziland Household Income and Expenditure Survey*, and G60599 – *Swaziland Population and Household Census*.

The table below depicts the Capital Projects that had significant under expenditure for the financial year ended 31st March 2020.

Projects	Appropriated Budget	Funds Released	Actual Expenditure	Under Expenditure	%
	E	E	E	E	
G42299 – Implementation of Development Strategies	3,500,000.00	3,500,000.00	2,885,962.63	614,037.37	18
G57399 - Payment of EU Recoveries	1,500,000.00	66,833.00	14,669.51	52,163.49	78
G57599 - The Swaziland Agriculture Survey	4,994,000.00	4,994,000.00	4,406,640.28	587,359.72	12
G59999 – Multiple Indicator Cluster Survey	4,796,000.00	4,775,852.00	2,093,128.93	2,682,723.07	56
G60199 – Swaziland Household Income and Expenditure Survey	800,000.00	680,180.00	420,460.35	259,719.65	38
G60599 – Swaziland Population and Household Census	8,104,000.00	2,026,000.00	1,514,704.12	511,295.88	25
Total Under expenditure				4,707,299.18	

Under expenditures of 10% or more in a year are considered to be not conducive to the development of the country. The under expenditure might indicate inefficiencies and delayed implementation of planned programs that were intended for economic development and improvement of the lives of the citizens and/or service delivery to the public.

Under expenditure is a serious concern as the unutilised funds deprive other Government programmes of planned development initiatives. Had the funds been accessible and utilised to finance other essential programmes, they would have contributed to development and economic growth of the country.

In his response referenced STATS 16.30(1) dated 19th November 2020, the Controlling Officer acknowledged my observations and submitted as follows:

Implementation of Development Strategies-G42299: *The funds were released because the Ministry had requested for authority to procure laptops and desktops for the Chief Economists in the Ministry. The authority was received on the 8th January 2020, and contacted suppliers indicated that it would take at least eight (8) to twelve (12) weeks to deliver. Therefore, it was impossible to carry on with the procurement since the date for closing commitment at Treasury was 14th February 2020.*

Payment of EU Recoveries-G57399: *The amount of E66,833.00 was released because projections for ineligible claim had been anticipated. However, when the European Union (EU) eventually conducted the audits, only E14,669.51 was discovered to be ineligible. Hence, this was the cause of the under expenditure.*

Eswatini Annual Agricultural Survey-G57599: Authority to engage field work temporary staff was received a bit late, on the 2nd December 2019 from Civil Service Commission, whilst the Eswatini Annual Agricultural Survey had been planned to be executed in two phases (Listing phase and Data collection phase), starting from 1st November 2019 to March 2020, by the Central Statistical Office. The activities had to be shifted by two months, the start date of phase I, which include training and field work. Hence, funds planned for salaries and accommodation were not utilised. Subsequently, the office had planned to conduct trainings for phase 2 in February 2020. However, due to the delays, the office was still busy with activities of phase 1, therefore the trainings were postponed to April 2020 which then had to be funded by the next financial year 2020/2021.

In the previous financial year ended 31st March 2019, this project incurred an under expenditure of E6,325,437.32 (79.1%). In his response, the Controlling Officer has not outlined any follow up actions which he took towards obtaining the authority to execute the project, hence I am not satisfied with the response.

Multiple Indicator Cluster Survey-G59999: Under Expenditure of E2,682,723.07 (56%): The Multiple Indicator Cluster Survey was planned to be conducted in two phases (Listing phase and Data collection phase), starting from August 2019 to January 2020, by the Central Statistics Office; however, there were delays, since the listing phase was conducted for a period of four months instead of one month. The under expenditure was caused by the postponement of the second phase activities and delayed activities for preparatory work for the second phase, and delay in obtaining a revised authority to pay flat rate instead of overtime rate, which was then received in February 2020. Hence listing of households was finalised in March 2020. Also, the under spending was caused by engaging eight (8) vehicles instead of 16 vehicles as was planned. The United Nations Development Fund (UNFPA) also provided transport related support by renting two (2) vehicles for a period of two (2) months.

Swaziland Income and expenditure Survey-Project Number G60199: The under expenditure of E259,719.65 (38%) was the remaining funds after successfully conducting four regional disseminations of the Swaziland Income and Expenditure Survey and produced a report. The funds were also planned to facilitate the poverty mapping workshops and printing of the report. For the poverty mapping activity, the Central Statistics Office depended on the World Bank's technical assistance hence a consultant to assist in conducting the poverty mapping workshops was to be engaged by the Bank.

In the previous financial year ended 31st March 2019, this project incurred an under expenditure of E460,078.69 (44.2%). This project continues to incur under expenditures.

The detailed responses from the Controlling Officer are appreciated, since they have provided the light on how the under expenditures occurred. However, there were no remedial actions to control under expenditures.

22. Audit of Micro-Projects Administration

An audit of Micro-Projects Administration (Appendix 39) for the year ended 31st March 2020 was conducted and I communicated my findings to the Principal Secretary, Ministry of Economic Planning and Development through a memorandum referenced A2/2019/2020/10 dated 20th November 2020. The Controlling Officer responded through a memorandum referenced ECO/16/3/13 dated 27th November 2020; however, the following audit queries remains reportable.

22.1. Penalties for Late Payment of Employees Tax (Pay As You Earn)

I reported that the Micro-Project Department did not remit Pay As You Earn (employees tax) before the due date to Eswatini Revenue Authority, except for the months of August 2019 and March 2020. As a result, the late payments (remittance) of Employees Tax (Pay As You Earn), attracted penalties plus interest amounting to **E615,214.55**, which was incurred throughout the financial year ended 31st March 2020, as detailed in the Statement of Account with Eswatini Revenue Authority and as illustrated in the table below.

No:	Month	Interest (E)	Penalties
01	April 2019	24,565.05	67,800.99
02	May 2019	317.79	11,019.91
03	June 2019	6,059.31	57,148.51
04	July 2019	1,671.18	57,340.12
05	September 2019	17,418.56	56,649.32
06	October 2019	13,419.25	58,593.23
07	November 2019	9,583.41	49,334.41
08	December 2019	7,228.85	59,550.28
09	January 2020	4,034.76	46,752.04
10	February 2020	7,913.17	58,813.81
Sub-totals		92,211.55	523,002.60
Total Penalties and Interest for late payment of Employees Tax			615,214.55

According to Section 57 (2) read in conjunction with Section 58 of the Income Tax Order (1975) "there shall be added to any amount of tax not paid on or before the due date fixed in the Commissioner's notification or as specified in this Order, interest calculated at the rate of eighteen per centum per annum reckoned from the due date to the date of payment". Further, Section 59(9) "where any person who is required to withhold tax from any payment made by him, fails to withhold such tax or having withheld such tax fails to remit such tax to the Commissioner, as required, shall, in addition to any penalty for which he may be liable under section 66, be personally liable to pay to the Commissioner the amount of tax, which he failed to withhold or remit, as if it were tax due and payable by him under Part VII of this Order".

Due to non-compliance to the Income Tax Order (1975) with regards to remittance deadline of Pay As You Earn (employees tax), the Department attracted penalties that depleted the public funds. Penalties are fruitless expenditure and are contrary to the principles of 'value for money'; hence, they should be avoided.

In his response, the Controlling Officer acknowledged the audit finding. He stated that they comply with the Income Tax Order and the penalties and interest charged were due to late payment not the late submissions of returns. SRA expects payments to be made within seven (7) days, which is too short to comply with, as the payment system requires submission of payment vouchers to the Ministry of Economic Planning and Development for batching, from there to the Treasury Department for checking and approval and back to Micro-Projects Unit to develop cheques and EFT's, and, to the Accountant General for approval. The payment processes are beyond Micro-Projects Unit's control and it is not possible to meet the SRA payment deadline.

The Controlling Officer's response was not satisfactory because the penalties were incurred (accumulated) throughout the year, and they were not budgeted for, and they increased the personnel costs. In the months of August 2019 and March 2020, the employees tax (Pay As You Earn) was remitted on time, which indicates that it is possible to meet the payment deadline set by the Eswatini Revenue Authority.

22.2. Unjustified Delays in Payment of Employees Tax

I reported that the Ministry of Economic Planning and Development submitted a request to the Ministry of Finance to re-allocate funds amounting to E3,000,000.00 from the Community Development Fund, to settle penalties and interests on Pay As You Earn, with

Eswatini Revenue Authority. The penalties and interests accumulated because of late payment. The period to which the tax arrears related was not stated or disclosed in their memorandum referenced ECO/16/3/13 dated 15 June 2018.

Justifying the penalties incurred, the Ministry cited that there was no increase in the recurrent budget for the Micro-projects Administration in the financial year 2017/2018, thus making it hard for them to fit all operations. On 20th July 2018, as reflected by the bank statement, the funds were deposited into the Micro-Projects Administration Account.

The Ministry pledged that once they receive funds for the administration, a refund would be deposited back into the Community Development Fund Account. However, a part payment of only E1,000,000.00 was made in September 2019, leaving an outstanding balance of E2,000 000.00.

I pointed out that this was a violation of the Appropriation Act of the fiscal year 2019/2020 which clearly stipulated how and where released funds were to be expended. The Controlling Officer was further notified that undermining the implications of not paying taxes on time, was likely to adversely affect the Micro-Projects Department's cash flow, even in the subsequent fiscal years such that funds would be inadequate to meet the departments' obligations.

In his response, the Controlling Officer acknowledged the audit finding and cited the cause to be unadjusted recurrent budget for that financial year. He also submitted that on the 23rd of September 2020, the outstanding E2,000,000.00 was refunded into the Community Development Fund Account, to pay outstanding commitments.

I am however concerned that the Controlling Officer did not address the issue of how the penalties were incurred and the exact period to which the penalties relate. Accumulating penalties and interest on late payment of employees tax indicates that there are deficiencies in the cash flow management, budgeting and monitoring controls.

I am also concerned about the Community Development Projects that got suspended over a period of two years, resulting in delays in the economic development of the country.

HEAD 24: MINISTRY OF HOUSING AND URBAN DEVELOPMENT

23. Audit of Housing and Urban Settlement Account

An audit of the Financial Statement of Housing and Urban Settlement Account (Appendix 94) for the fiscal year ended 31st March 2020 was conducted and the following audit query was communicated to the Ministry through a memo referenced H10 Vol.VI/15. The Controlling Officer responded through a memo referenced Head 24 dated 4th February 2021.

23.1. Overdraft Balance: Non-recovered Loan (compensation for infrastructure costs)

I noted that the Housing and Urban Settlement Trading Account depicted an overdraft balance of **E27,782,882.73** over a period of five (5) years, while the programme was completed long time ago. As such there has been no activities (transactions) of income and expenditure in this trading account, except for the overdraft balance.

The Housing and Urban Settlement Programme (Nkhanini Township in Nhlanguano) was completed in 2009 and handed-over to the Eswatini National Housing Board through an agreement dated 25th November 2008. A letter dated 16 June 2011 from the Ministry to the Eswatini National Housing Board confirms that the land (Nkhanini Farm 1324) was a grant to the Parastatal from Government and the entity was expected to compensate Government for the infrastructure costs amounting to E24,800,000.00, payable over a period of ten (10) years commencing in March 2012, and the first payment into the Trading Account was expected between March 2012 and March 2013.

The compensation for infrastructure costs incurred by Government was treated as a repayable loan to the Eswatini National Housing Board. As such the entity was expected to sell the plots and remit the infrastructure funds to Government. However, it is disquieting to note that Eswatini National Housing Board did not remit the sales of plots and infrastructure funds to Government and defaulted the repayment arrangement as per the agreement.

I also noted that there was an increase of E2,982,882.73 in the investment made to this parastatal, since the Trading Account is depicting a balance of E27,782,882.73. The Ministry should provide supporting documents for the increased investment in the entity and provide evidence of efforts made to recover the public funds from the parastatal.

Government was deprived of revenue (in the form of infrastructure funds) through selling of plots which was not paid by the Eswatini National Housing Board as per the agreement entered on the 25th November 2008. The interest of government has been overlooked by the Board, and there is a risk of not recovering the investment (loan). There is also non-repayment of loan amounting to E7,245,127.43 that had a redemption (maturing) date of 15 January 2001.

Considering that the public enterprises should sustain themselves and support government, unless there are not profit-oriented, I advised the Ministry to recover the public funds due to government from the parastatal with immediate effect.

In response the Ministry stated that the Programme (Nkhanini Township Development) was completed a long time ago (2009) and handed-over to the Eswatini National Housing Board to sell the plots and remit the infrastructure funds of E24,800,000.00 to Government. The entity, was given a ten (10) year period to pay back the money, a period elapsing March 2023. The entity is still within the agreed timeframe as per an agreement entered into in a letter dated 25th November 2008 and confirmed in a letter dated 16 June 2011. The Controlling Officer also stated that over the years the Eswatini National Housing Board has notified the Ministry on challenges regarding the loan repayment. At the end of the agreed payment timeframe, the Ministry will consider presenting the matter as per advice of the Accountant General to refer the matter to the Losses Committee.

The response is appreciated; however, I was concerned about the efforts made to recover the public funds due to government (loan), since the first repayment into the Trading Account was due between March 2012 and March 2013, which is now over seven (7) years. Government has not received any revenue from this investment made in 2008.

*In his further response referenced Head 24 dated 22nd February 2021, the Controlling Officer explained the efforts made to recover the loan due to government. He stated that the Ministry has been continuously requesting the Eswatini National Housing Board to give an update on the sales of plots at Nkhanini and repayment of the infrastructure loan amounting to E24,800,000.00. However, the Eswatini National Housing Board has over the years requested for the assistance of the Ministry to write-off the loan and view it as a recapitalisation of the parastatal since it does not receive subvention from government. As such, through a memorandum dated 22nd January 2019, a request of loans conversion to capital of **E29,705,052.82** owed by the Eswatini National Housing Board was sent to the Ministry of Finance and the Ministry was advised to seek for Cabinet approval. The balances of the amounts due to Government as at 31st March 2017 were: E24,586,738.19 being costs spent for infrastructure development of Nkhanini Township and*

E5,118,314.63 for Msunduzi infrastructure upgrading in terms of a subsidiary loan agreement signed in 1994/95.

He also stated that the Public Accounts Committee had recommended that the Board should repay the loan. As such the Ministry has reminded Eswatini National Housing Board to repay the loan as per the recommendation of the Public Accounts Committee and in the event the Board is unable to remit the funds sufficient and tangible evidence should be provided to show cause for a further request to write-off the loan and/or refer the matter to the Losses Committee.

On the other note, the Controlling Officer requested an extension to provide substantive response to the remaining concerns with regards to the increase investment of E2,982,882.73 on the Trading Account and non-repayment of loan amounting to E7,245,127.43.

Once again, the response of the Controlling Officer is appreciated.

HEAD 29: MINISTRY OF COMMERCE, INDUSTRY AND TRADE

24. Audit of Detailed Statement of Recurrent Expenditure

An audit of the Detailed Statement of Recurrent Expenditure for the financial year ended 31st March 2020 was conducted and my findings were communicated to the Controlling Officer through a memorandum referenced E31 Vol. IV/01, dated 28th October 2020. The Controlling Officer responded through a memorandum referenced MCIT/1/60 dated 4th December 2020; however, the following issues remain reportable.

24.1. Unauthorised Under Expenditure

I observed that there was an under expenditure of **E9,480,825.28** incurred by the Ministry's different responsibility centres and various control items. The table below illustrates the under expenditures.

Responsibility Centre	Control Item	Appropriated Budget	Released Budget	Actual Expenditure	Under Expenditure	%
10 Minister's Office		E	E	E	E	
	CTA Vehicle Charges	174,600.00	116,400.00	9,100.84	107,299.16	92.2
	Consumables Materials and Supplies	43,280.00	42,937.00	24,724.00	18,213.00	42.4
	Sub-total				125,512.16	
11 Ministry Administration						
	CTA Vehicle Charges	10,674,101.00	10,315,827.00	5,972,938.79	4,342,888.21	42.1
	Travel, Transport and Communication	3,182,334.00	3,180,109.00	2,405,418.91	774,690.09	24.4
	Sub-total				5,117,578.30	
12 Department of Industry						
	CTA Vehicle Charges	214,947.00	143,296.00	100,734.57	42,561.43	29.7
15 Department of Trade						
	CTA Vehicle Charges	6,312.00	6,312.00	5,015.85	1,296.15	20.5
	Consumable Materials and Supplies	88,478.00	73,383.00	65,078.50	8,304.50	11.3
	Sub-total				9,600.65	
17 Department of Handicraft						
	CTA Vehicle Charges	98,921.00	75,945.00	34,745.04	41,199.96	54.2
	Durable Materials and Equipment	763,000.00	763,000.00	593,684.05	169,315.95	22.2
	Sub-total				210,515.91	
18 Small and Medium Enterprise Unit						
	Travel, Transport and Communication	254,297.00	250,513.00	204,722.30	45,790.70	18.3
20 Co-operatives Development						
	CTA Vehicle Charges	250,636.00	183,756.00	76,335.68	107,420.32	58.5

Responsibility Centre	Control Item	Appropriated Budget	Released Budget	Actual Expenditure	Under Expenditure	%
	Personnel Costs	8,841,746.00	8,841,742.00	7,528,771.70	1,312,970.30	14.8
	Sub-total				1,420,390.62	
21 Department of Commerce						
	Personnel Costs	2,187,868.00	,187,865.00	353,146.10	1,834,718.90	83.9
22-Regulatory & Quality Infrastructure Development						
	Personnel Costs	1,994,570.00	1,994,567.00	1,541,908.39	452,658.61	22.7
23-Intellectual Property						
	Personnel Costs	529,420.00	529,416.00	379,251.00	150,165.00	28.4
	04-Professional and Special Services	81,507.00	13,118.00	4,050.00	9,068.00	69.1
	11-Grants and Subsidies – External	105,000.00	105,000.00	42,735.00	62,265.00	59.3
		715,927.00	647,534.00	426,036.00	221,498.00	34.2
Total Under Expenditure on Recurrent Vote					9,480,825.28	

Under expenditures of 10% or more in a year are considered to be not conducive to the development of the country. Under expenditure is a serious concern as the unutilised funds deprive other Government projects or programmes of planned development initiatives. Had the funds been accessible and/ or used to finance essential programmes, they would have contributed towards the development and economic growth of the country.

In his response the Controlling Officer concurred with my observations of under expenditure on recurrent vote of E9,480,825.28 incurred on different Control Items in the various Departments, and provided the following explanations.

CTA Charges

The Ministry hosted the launch of AE-Trade Regional E-Commerce Platform, and the Ministry had to hire a huge number of vehicles to transport the delegates. However, some delegates ended up not honouring the invites and this made an enormous amount in savings in relations to CTA Charges. The Ministry further submits that it had requested a supplementary budget which was spread across the centres in anticipation of the expected expenditure.

Personal Costs

The Ministry submits that: in the Co-operatives Department there was a vacant post of Principal CODEC; in the Department of Commerce there was vacant post of Chief Commercial Officer; in the Intellectual Property there was a vacant post of Registrar of Intellectual Property; in the Regulatory Quality Infrastructure Development there was

quite a number of vacant posts under the Weights and Measures Section due to the hiring freeze by Government. The Ministry of Public Service was engaged through a Memorandum written by the Ministry's Controlling Officer, requesting to fill the vacant posts.

Travel, Transport and Communications

The Ministry submits that after the country was alerted of the imminent surge in infections of the Covid-19 virus, Cabinet Officers discouraged or rather prohibited government officials in attending meetings outside the country. In that regard the Ministry ended up not full utilizing the budget.

Professional Services, Consumable Materials and Supplies, and Durable Materials and Equipment (Items – 04, 06, & 07)

The Ministry submits that procurement authorities requested from the Ministry of Finance are the major causes of under-expenditure. They are always issued very late when Accountant General has issued a circular notifying Ministries with end of year closing procedures. An example of an authority to commit which was issued in February 2020, just few weeks prior to the closing date of commitment, set by the Accountant General.

In his response referenced MCIT/61 dated 28th December 2020, the Controlling Officer stated that the Ministry further commits to eliminate under expenditures in the near future

The Controlling Officer is commended for the detailed responses and commitment to eliminate the recurring under expenditure issues.

HEAD 30: MINISTRY OF EDUCATION AND TRAINING

25. Audit of Detailed Statement of Recurrent Expenditure

An audit of the Detailed Statement of Recurrent Expenditure for the financial year ended 31st March 2020 was conducted and my findings were communicated to the Controlling Officer through a memorandum referenced E7 Vol. XV, dated 9th November 2020. The Controlling Officer responded through an unreferenced memorandum dated 28th December 2020.

25.1. Unauthorised Over-Expenditure on Recurrent Vote

I observed that there was an over expenditure of E3,985.35 incurred on CTA Vehicle Charges by the Minister's Office. The table below illustrates the over expenditures.

Responsibility Centre	Control Item	Appropriated Budget (E)	Released Budget (E)	Actual Expenditure(E)	Over Expenditure(E)	%
10-Minister's Office	CTA Vehicle Charges	61,100.00	2,900.00	6,885.35	3,985.35	137.4
Total Unauthorised Over Expenditure on Recurrent Vote					3,985.35	

Over expenditure beyond the budget released as appropriated by parliament is not only unlawful but also has serious effect on the fiscal budget. This was in contravention of Financial and Accounting Instruction number 0202 (ii), which states that Controlling Officers are responsible for ensuring that no amount is spent in excess of the amounts specified by Treasury Warrants.

Section 107(3)(j) read with Section 34(7) of the Public Finance Management Act of 2017, also states that "a public office and public officer, or other person with responsibility for government resources commits an offence of financial misconduct if, without lawful authority under this Act or other lawful authority, that person wilfully or negligently incurs unauthorised expenditures or makes unauthorised commitments. Any excess or any amount expended but not appropriated and which is not allowed under this section is treated as a loss of public moneys. As stated in the Section 34(5), unauthorised expenditure may lead to disciplinary actions.

In his response the Controlling Officer concurred with my observations and stated that the over expenditure incurred on CTA Vehicle Charges by the Minister's Office was caused by the insufficient released of budget. The Ministry of Education and Training had requested a budget release of E61,100.00 from Ministry of Finance but only 2,900.00 was released, which was insufficient to execute the responsibility centre activities. He

explained that the over expenditure was incurred because they were of the view that the requested budget would be released timeously. The Controlling Officer pledged to ensure that before going ahead and utilise the requested budget it has to be released and be available from the terminal system.

The response of the Controlling Officer is appreciated; however, there is no justification for over expenditure.

25.2. Under Expenditure on Recurrent Vote

I also observed that there were under expenditures amounting to **E6,085,717.79** incurred on various control items by the Ministry's different Responsibility Centres. The table below illustrates the under expenditures.

Responsibility Centre	Control Item	Appropriated Budget	Released Budget	Actual Expenditure	Under Expenditure	%
11 Ministry Administration		E	E	E	E	
	Travel, Transport and Communication	3,340,761.00	2,900,053.00	2,558,739.13	341,313.87	11.8
	Professional and Special Services	17,125,046.00	13,508,676.00	8,178,849.92	5,329,826.08	39.5
	Sub-total				5,671,139.95	
20 Chief Inspector Primary						
	Travel, Transport and Communication	388,446.00	94,766.00	80,026.06	14,739.94	15.6
30-Chief Inspector Secondary						
	Travel, Transport and Communication	373,878.00	210,961.00	82,079.48	128,881.52	61.1
40 Curriculum Development						
	Professional and Special Services	1,514,529.00	1,129,014.00	967,795.40	161,218.60	14.3
51 Carrier Guidance and Phycological Services						
	Travel, Transport and Communication	32,456.00	19,136.00	16,215.84	2,920.16	15.3
71 Teacher Training						
	Consumables Materials and Supplies	777,093.00	740,171.00	658,293.50	81,877.50	11.1
91 Pre-School Education	Travel, Transport and Communication	79,964.00	56,394.00	31,453.88	24,940.12	44.2
Total Under Expenditure on Recurrent Vote					6,085,717.79	

Under expenditures of 10% or more in a year are considered to be not conducive to the development of the country. Under expenditure is a serious concern as the unutilised

funds deprive other Government projects or programmes of planned development initiatives. Had the funds been accessible and/ or used to finance essential programmes, they would have contributed towards the development and economic growth of the country.

In his response the Controlling Officer concurred with my observations and provided the following explanations.

Responsibility Centre 11 – Ministry Administration

Travel, Transport and Communication: The Controlling Officer stated that the Ministry received huge telephone bill from SPTC, the Financial Controller engaged EPTC for the telephone reconciliations as they were not in agreement regarding the high bills. During these consultations with EPTC there were some technical challenges. The matter was finally resolved, invoices were then submitted very late by EPTC and the Ministry could not process the payments since the financial year 2019/2020 was closed.

Professional and Special Services: The Treasury Department introduced a Portal Invoice System, however the Accounting Personnel was not capacitated on how to use it. A number of invoices were returned from the checking department for not being properly captured on the new system. This resulted in most invoices not being paid in the financial year 2019/2020.

Responsibility Centre 20 – Chief Inspector Primary

Travel, Transport and Communication: The Ministry received huge telephone bill from EPTC, the Financial Controller engaged EPTC for the telephone reconciliations as they were not in agreement regarding the high bills. During these consultations with EPTC there were some technical challenges. The matter was finally resolved, invoices were then submitted very late by EPTC and the Ministry could not process the payments since the financial year 2019/2020 was closed.

Responsibility Centre 30 – Chief Inspector Secondary

Travel, Transport and Communication: The Ministry received huge telephone bill from EPTC, the Financial Controller engaged EPTC for the telephone reconciliations as they were not in agreement regarding the high bills. During these consultations with EPTC there were some technical challenges. The matter was finally resolved, invoices were then submitted very late by EPTC and the Ministry could not process the payments since the financial year 2019/2020 was closed.

Responsibility Centre 40 – Curriculum Development

Professional and Special Services: The Treasury Department introduced a Portal Invoice System, however the Accounting Personnel was not capacitated on how to use it. A number of invoices were returned from the checking department for not being properly captured on the new system. This resulted in most invoices not being paid in the financial year 2019/2020.

Responsibility Centre 51 – Career Guidance and Physiological Services

Travel, Transport and Communication: The Ministry received huge telephone bill from EPTC, the Financial Controller engaged EPTC for the telephone reconciliations as they were not in agreement regarding the high bills. During these consultations with EPTC there were some technical challenges. The matter was finally resolved, invoices were then submitted very late by EPTC and the Ministry could not process the payments since the financial year 2019/2020 was closed.

Responsibility Centre 71 – Teacher Training

Consumables Materials and Supplies: The Ministry requested a full release from the Ministry of Finance as per the estimate budget given in order to execute the Teacher Training activities, but the department did not receive the funds as per their request. The budget requested was not released, hence the activity was not carried out.

Responsibility Centre 91 – Pre-School Education

Travel, Transport and Communication: The Ministry received huge telephone bill from EPTC, the Financial Controller engaged EPTC for the telephone reconciliations as they were not in agreement regarding the high bills. During these consultations with EPTC there were some technical challenges. The matter was finally resolved, invoices were then submitted very late by EPTC and the Ministry could not process the payments since the financial year 2019/2020 was closed.

26. Audit of Eswatini College of Technology (ECOT) – Appendix 75

I have audited the Financial Statements for Eswatini College of Technology (ECOT) and my audit findings were communicated to the Controlling Officer through memoranda referenced A2/2019/2020/22 dated 30th December 2020 and A2/19/20/36 dated 27th January 2021.

26.1. Unlinked Financial Accounting Activities

I drew the attention of the Controlling Officer that an expenditure of Eswatini College of Technology (ECOT), amounting to **E14,064,687.84** was not linked to the Government Accounting System. The expenditures that are linked to the Government Accounting System under Head 30, responsibility Centre number 6001 (SCOT/ECOT) are only those that are paid by the Accountant General through account number 3026001..... which draws directly from the General Central Bank Account number 10016206501. Expenditures drawn from ECOT's Central Bank Account number 100016206565 are not disclosed in the Government Accounting System, under Head 30. This expenditure is only reflected in their financial statement, which is appendix 75. As a result, transactions for the year and other previous years' could not be accessed and viewed for control purposes by the Controlling Officer, in the Government Accounting System.

The above condition is caused by erroneous inscription of a bank account number in Payment Vouchers, instead of a cash book account number that has the Head Number, "30", representing the Ministry of Education and Training and the Responsibility Centre number "6001", representing ECOT. ECOT's accountants did not use the Government Accounting Code Structure when preparing Payment Vouchers. In their payment vouchers they inserted the Eswatini Central Bank account numbers that had no reporting item which should allow comparison with the financial statements. The effect of this error is that Data Captures are only able to capture one entry of the double entry accounting system which is account number 354 ..., leaving out the corresponding entry which links each payment made with the Ministry and the College. Currently, the "Head", "Responsibility Centre" and the "Treasury Control Item" are not coded correctly in Payment Vouchers. The Head is wrongly coded as 100 instead of 30, the Responsibility Centre is coded as 0162 instead of 6001 and different items are coded with the same code 06565. The whole number 100016206565 is the bank account number and should not be used to replace the correct code numbers in the Payment Vouchers as this leads to the omission of the transactions in the Government Accounting System.

I further reminded the Controlling Officer about the requirements of Section 3 Subsection 2.1 of the Financial Management and Accounting Procedures Manual, which gives guidance about the structure of the Government Accounting Codes. This structurer

comprises an eighteen-digit number consisting of five fields which should be the Head, Activity, Responsibility and the Detail Item which is subdivided into a control and reporting item.

The Controlling Officer stated that the expenditure was captured in the Treasury Accounting System and that it could be verified in AA220 and all the expenditure according to batch payments were captured using item codes 52203 and 62194.

I noted that the expenditure was captured in a way that concealed the details of the payments made such that the payees were not stated and the payments were not classified. Clearly, this information would have been captured with correct coding and correctly prepared Payment Vouchers been used when capturing the expenditure. The improper use of the bank account number and capturing of the data renders the information less informative and unusable by users.

I am therefore not satisfied with the Controlling Officer's response because this practice impeded the Generally Accepted Accounting Principles' ultimate goal of ensuring that an entity's financial statements are complete, consistent, and comparable.

26.2. Non-Disclosure of Funds Collected through the Standard Bank Account Number 9110004140144

I reported that the closing balance of **E200,062.72** as at 31 March 2020 held in a Business Current Account at Standard Bank was not captured in the Institution's Financial Statements. The account was used to collect sponsorship from private companies, churches and other foreign sponsors. In addition to these, full-time and part-time students also used this account to deposit application fees, registration fees, tuition and other monies payable to the institution.

The Controlling Officer's attention was drawn to Chapter 13 of the Financial and Accounting Instructions (1970) that states that a deposit account is intended primarily to account for monies correctly payable to the Swaziland Government for payment to a third person, and for monies which cannot for some reason be immediately dealt with. Section 1304 states that no payment will be made from a Deposit Account; while section 1306 states that at the close of business at the end of each financial year the Deposit Ledger must be balanced and ruled off. Section 1307 emphasises that amounts accepted as

deposits must not be left un-actioned. Vigorous and continual investigations should be made in order to dispose of all deposits to the rightful payees.

Further, in accordance with the Draft Revised Guidelines for using the Private Bank Account Section I (Source of Income), application fees, supplementary fees and tuition from self-sponsored students should be deposited into the College's Private Bank Account.

The Controlling Officer responded by attaching the bank statement for the financial year 2019/2020; however, the financial statements were not adjusted to show the cash at the bank at the close of the accounting period.

26.3. Payment Vouchers Prepared by the Head of Department

I reported that **E478,500.00** worth of payment vouchers were found to have been prepared by the Head of Department instead of an Accounting Officer. This was evident on the payment vouchers where the Head of Department owned up alterations effected on them. Moreover, the Head of Department further approved the vouchers for payment.

The payment vouchers prepared by the Head of Department relate to the payment of China Taiwan Sponsored students' personal allowances, book allowances and allowances for protective clothing for the academic year 2019/2020.

The E478,500.00 worth of payment vouchers for the students' allowances from the China Taiwan Sponsorship were as follows:

Name of Course	Year of Enrolments	Number of Students	Personal Allowance Total (E)	Book Allowance Total (E)	Protective Clothing Allowance (E)	Total Allowance (E)
Diploma in Automotive (Light)	1	4	12,000.00	8,000.00	2,000.00	22,000.00
Diploma in Civil Engineering	1	10	30,000.00	20,000.00	5,000.00	55,000.00
Diploma in Computer Science	1	12	36,000.00	24,000.00	Nil	60,000.00
Diploma in Electrical and Electronics	1	9	27,000.00	18,000.00	4,500.00	49,500.00
Diploma in Hospitality and Tourism	1	5	15,000.00	10,000.00	2,500.00	27,500.00
Diploma in Human Resource	1	9	27,000.00	18,000.00	Nil	45,000.00
Diploma in Mechanical Engineering	1	11	33,000.00	22,000.00	5,500.00	60,500.00

Diploma in Office Management and Technology	1	9	27,000.00	18,000.00	4,500.00	49,500.00
Secondary Teacher's Diploma in Commercial Teaching	1	11	33,000.00	22,000.00	4,500.00	59,500.00
Secondary Teacher's Diploma in ICT	1	10	30,000.00	20,000.00	Nil	50,000.00
Total		90	270,000.00	180,000.00	28,500.00	478,500.00

I highlighted that the Financial Management and Accounting Procedures Manual, Section 4, Paragraph 2, indicates that the spaces provided in the payment voucher should be filled in by an Accounting Officer. The Accounting Officer also should record the payment voucher details as expenditure in the Vote Book, and then attach the invoice, delivery note and duplicate order, and proceed to have the Payment Voucher Authorised and batched. Section 4, Paragraph 5 specifies that the responsibilities of the Head of Department is authorisation of the Payment Vouchers. This is in line with segregation and authorisation controls which minimise errors and an opportunity for fraud.

The Controlling Officer did not respond; thus, contravened Financial and Accounting Instruction 0315(ii), which states it is duty of all Accounting Officers to reply promptly to any audit queries addressed to them by the Auditor General, giving fully the particular or information desired.

26.4. Supplier Drawing and Depending on Procuring entity in the Process of Service Provision

I revealed that the catering company Eclipse (PTY) LTD overcharged Government in that they freely used the facility; kitchen equipment, workers, electricity and water during the course of service provision. The expenditure of **E343,021.70** borne by the institution should be easily controllable and rightfully directly attributable to the supplier of the service because the Main Kitchen has got its own equipment, personnel and meter numbers for both the electricity and water and all that was exclusively used by the supplier. It could not be ascertained why the cost burden was laid on the Government. Further discovered was that 95% of the cost of electricity and water consumed in the kitchen was borne by the Government as the Service Provider only paid 5%.

The costs related to the provision of catering service that were evaded by the supplier were as follows:

	Nature of Costs	Period Duration	Costs Incurred by Caterer but Paid by ECOT	Amount Paid by Caterer	Costs evaded by Caterer
1.	Rental of Kitchen equipment	Duration of the Contract	To have been determined by the responsible office	Nil	To have been determined by the responsible office
2.	Maintenance in the Kitchen	Duration of the Contract	To have been determined by the responsible office	Nil	To have been determined by the responsible office
3.	Personnel Costs	Duration of the Contract	E67,452.66	Nil	E67,452.66
4.	Electricity	Duration of the Contract	E283,528.79	E13,474.16	E270,054.63
5.	Water	Duration of the Contract	E5,762.30	E247.89	E5,514.41
	Totals		356,743.75	13,722.05	E343,021.70

I am concerned about the Controlling Officer being bound by a contract which he co-signed, endorsing its enactment, during which he did not play his role of putting in place measures for the management of public finances consistent with the principles, standards, processes and systems required under the Public Finance Management Act of 2017, including but not limited to putting in place systems to ensure authorised, effective, efficient, economical and transparent use of the resources of the entity.

In his response, the Controlling Officer mentioned that the tender reference stated that the tenderer will pay 5% to government towards the utility bills. The tenderer is charged in accordance with the tender reference.

26.5. Lack of Controls during Catering Service Provision to ECOT Students

I further observed that there were no controls and source documents from which the number of students served was taken from when raising bills. Judging from the total number of students that were enrolled in the institution, it was established that ECOT inevitably got overbilled by the Catering Service Provider by exaggerating the number of students served.

In the table below, total number of students as per the intake register was compared with the number of students appearing on the bills to ascertain the disparities worth **E30,763.00**.

Type of Catering Service	Month	Projected number of Students (A)	Number of students as per Intake Register (B)	Number of Students Actually Billed (C)	Excess number of Students Billed (C-B)	Unit Cost	Excess Charge	Total Amount Overcharged
Breakfast	February	1220	1104	1240	136	4.00	544.00	
	March	1220	1104	1240	136	4.00	544.00	
	April	1220	1104	1240	136	4.00	544.00	
	May	1220	1104	1240	136	4.00	544.00	
	August	1220	1118	1480	376	4.00	1,504.00	
	September	1220	1118	1032	(86)	4.00	(344.00)	
	October	1220	1118	1032	(86)	4.00	(344.00)	
	November	Not Stated	1118	1030	(88)	4.00	(352.00)	
	December	Not Stated	1118	1030	(88)	4.00	(352.00)	
	January	1050	1118	1030	(88)	4.00	(352.00)	1,936.00
	February	1300	1104	1300	196	6.00	1,176.00	
Morning Tea	March	1300	1104	1300	196	6.00	1,176.00	
	April	1300	1104	1300	196	6.00	1,176.00	
	May	1300	1104	1300	196	6.00	1,176.00	
	August	1300	1118	1480	362	6.00	2,172.00	
	September	1300	1118	1171	53	6.00	318.00	
	October	1300	1118	1230	112	6.00	672.00	
	November	Stated	1118	1230	112	6.00	672.00	
	December	Not Stated	1118	1230	112	6.00	672.00	
	January	1400	1118	1230	112	5.00	672.00	9,882.00
	February	1300	1104	1300	196	9.00	1,764.00	
	March	1300	1104	1300	196	9.00	1,764.00	
Lunch	April	1300	1104	1300	196	9.00	1,764.00	
	May	1300	1104	1300	196	9.00	1,764.00	
	August	1300	1118	1480	362	9.00	3,258.00	
	September	1300	1118	1171	53	9.00	477.00	
	October	1300	1118	1230	112	9.00	1,008.00	
	November	Not Stated	1118	1230	112	9.00	1,008.00	
	December	Not Stated	1118	1030	(88)	9.00	(792.00)	
	January	1400	1118	1230	112	14.50	1,624.00	13,639.00
	February	1220	1104	1240	136	7.00	952.00	
	March	1220	1104	1240	136	7.00	952.00	
	April	1220	1104	1240	136	7.00	952.00	
Supper	May	1220	1104	1240	136	7.00	952.00	
	August	1220	1118	1480	362	7.00	2,534.00	
	September	1220	1118	1032	(86)	7.00	(602.00)	
	October	1220	1118	1032	(86)	7.00	(602.00)	
	November	Not stated	1118	1030	(88)	7.00	(616.00)	
	December	Not Stated	1118	1230	112	7.00	784.00	
	January	1050	1118	1084		6.00		5,306.00
					Grand Total			30,763.00

I pointed out that monitoring is very crucial because if not done, the bills might escalate and hike the obligations of the procuring entity. Furthermore, the Financial and Accounting Instructions 1970, 0202, requires the Controlling Officer to control the spending and ensure that public monies are spent only for the purpose for which they

are authorised. I also advised that a register should be maintained to determine the actual number of students who take meals at a particular time.

There was no response received from the Controlling Officer, thus contravened Financial and Accounting Instruction 0315 (ii), which requires that the Controlling Officer should respond promptly to audit queries.

26.6. Override of the Approved Guidelines for using the Private Bank Accounts of Colleges

I pointed out that the guidelines for using the private bank account dated 18 August 2009 were circumvented when purchasing some goods and services. The Guidelines for Using the Private Bank Account of 2009 distinguished the kind of revenue and expenditure that shall be handled by the private bank account and the recurrent expenditure platforms.

Some of the expenditure that was incurred while bypassing the approved guidelines included the following:

Supplier	Goods/ Services	Bank Statement Date	Voucher Number	Cheque Number	Amount (E)
Mkhelele (PTY) LTD	Landscaping	10.10.2019	070091	3694	19,400.75
Mkhelele (PTY) LTD	Landscaping	10.10.2019	070092	3695	19,996.55
Mkhelele (PTY) LTD	Landscaping	10.10.2019	070090	3696	19,880.15
HW Glasswork	Hostel Maintenance	31.03.2020		3420	19,908.38
Galaxy Suppliers	225 litres Powershred		070093	3713	19,837.00
	Total Amount				99,022.83

Primarily, the guidelines specify the purposes for which the account should be used, further giving details on the nature of items that may be paid for using funds that are deposited into the special account. Without setting aside the guidelines referred to in this paragraph, it is worth noting that, in accordance with the Public Finance Management Act of 2017 Section 41 (3), every Special Fund shall be administered according to the requirements of this Act and the requirements of the instrument creating the Special Fund.

I then submitted that non adherence to the instrument creating the Special Fund as well as Section 41 (3) of the Public Finance Management Act of 2017 may result in the college paying for goods, works or services for which it has no authority to purchase. Hence, proper adherence to these laws and regulations is imperative to ensure proper use of the college's funds.

In his response, the Controlling Officer acknowledged the anomaly, and admitted to have since revisited the private account guidelines and included the Accountant General in authorising instructions for payment.

26.7. Unsupported Additional payments made to Mkhelele (PTY) LTD for landscaping

I informed the Controlling Officer that two invoices totalling **E39,397.30** were paid to Mkhelele (PTY) LTD in addition to E19, 880.15 in respect of landscaping that was carried out in year 2017. I pointed out that this payment was made without authority for late payment, no order, and the delivery note was not signed by any stores person to acknowledge work done, yet a supported voucher was used, rendering the payment fictitious.

The additional payments were as follows:

Supplier	Goods/ Services	Bank Statement Date	Voucher Number	Cheque Number	Amount (E)
Mkhelele (PTY) LTD	Landscaping		070091	3694	19,400.75
Mkhelele (PTY) LTD	Landscaping		070092	3695	19,996.55
	Total				39,397.30

I raised the Financial Management and Accounting Procedures Manual, Section 2, which states that the supported 'voucher' must be supported by an order. To pass for payment, the accounts person receives delivery notes, duplicate copies of orders, supplier invoices and copies of goods received notes from stores person. Section 6 states that immediately upon receiving supplies from a private supplier, the stores person should confirm the quantities, descriptions and quality of goods received against the supplier's delivery note. One copy of the delivery note will be retained by the supplier and the other should be kept by the person receiving the stores in order to forward it for payment purposes as stated in Section 6.4.3.

Moreover, the Financial and Accounting Instructions number 0180 of 1970, states that the authority for expenditure, deriving from an Appropriation Act, lapses at the end of the financial year to which it relates, must also be adhered to.

In his response, the Controlling Officer acknowledged the anomaly and admitted that the Ministry of Works should have been consulted rather than paying with the Special Account. Attached are copies of two quotations, invoices and order.

26.8. Cash withdrawn for Students' caution fee refund disproportionate to the actual number of students

For the year under audit, I reported an excess withdrawal of **E29,620.00** as money for refunding students their caution fee. Analysis of data shows that the money cashed for the purpose of refunding students the caution fee was disproportionate to the possible students' claims derived from the number of enrolling students in the year.

Analysis of available information brought about the following:

Year 2018/2019	Number of Student as per intake register	Rate payable per student (E)	Total Amount (E)
1	460	320.00	147,200.00
2	326	320.00	104,320.00
3	347	320.00	111,040.00
	Maximum Caution Fee payable for the year		362,560.00
	Actual amount cashed		392,180.00
	Excess Cash Withdrawn		29,620.00

Information gathered was that each student was entitled to E320.00 caution fee refund rate. Students who happened to have broken anything in the premises were refunded a reduced amount depending on the degree of damages done.

Six cheques worth **E392,180.00** were cashed for the purpose of refunding students their caution fee. However, documents to substantiate the distribution of the caution fee were not provided for audit. Additionally, there were no re-deposits of cash residual made into the account. The following cheques were withdrawn from the Private Account:

Bank Statement Date	Cheque No.	Payees	Description	Amount (E)
10.05.19	3920	Final Year PT Students	Caution Fee 2018/2019	38,080.00
15.05.19	3921	First Year Students	Caution Fee 2018/2019	73,210.00
20.05.19	3922	First Year Students	Caution Fee 2018/2019	73,210.00
04.06.19	3923	Third Year Students	Caution Fee 2018/2019	55,040.00
23.05.19	3924	Third Year Students	Caution Fee 2018/2019	55,040.00
06.05.19	3925	Third Year Students	Caution Fee 2018/2019	97,600.00
		Total		392,180.00

Withdrawing more than was required showed that no reconciliation was made before making the withdrawal.

I drew the attention of the Controlling Officer to Financial and Accounting Instructions 1970, 0204 that states that if an officer fails to account for any part of public moneys, he may be required by the Permanent Secretary for Finance to make good the deficiency. I further mentioned that there could be risk that the excess funds were stolen.

I advised the Controlling Officer to ensure that refunds for caution fee should be made to the rightful beneficiaries and reconciliation made to ensure students are paid as per their entitlement.

27. Audit of William Pitcher College

An audit of the Financial Statements of William Pitcher College (Appendix 50) for the financial year ended 31st March 2020 was conducted and I communicated the following audit query to the Controlling Officer through a memorandum referenced A2/2019/2020/20 dated 30th December 2020. There was no response received from the Controlling Officer, thus contravened Financial and Accounting Instruction 0315 (ii).

27.1. Unreported Receipts and Disbursements

I reported to the Controlling Officer that receipts amounting to **E816,555.00** and payments amounting to **E658,275.85** were not disclosed in the Financial Statements of William Pitcher College (Appendix 50). The receipts included funds that were collected in the form of application fees, supplementary fees and tuition from self-sponsored students, using Suspense Account number 304/7101/61101.

The non-disclosure was caused by the use of the received funds whilst they were still in the Suspense Account, that is before they were deposited into the Special Account. The payments were made directly from this account leaving a closing balance of E1,660,406.44, which appears in the Statement of Assets and Liabilities (both appendix 2 and 3) as funds accrued to William Pitcher College.

The Financial Statements reflected a misleading financial position of the institution due to the non-disclosure of the receipts and the payments. The payments comprised the following:

Payee	Amount (E)
Eswatini Electricity Company	282,815.00
Eswatini Water Services Corporations	280,536.09
Eswatini Posts and Telecommunications	94,924.76
Totals	658,275.85

I drew the attention of the Controlling Officer to the Draft Revised Guidelines for using the Private Bank Account Section I (Source of Income) which provides guidance that the source of income from the application fees, supplementary fees and tuition from self-

sponsored students, should be deposited into the College's Private Bank Account. This account is a Deposit Account.

Section 1304 of the Guidelines states that no payment will be made from a Deposit Account while Section 1306 states that at the close of business at the end of each financial year the Deposit Ledger must be balanced and ruled off. It is from the Deposit Ledger that the Financial Statements are then prepared to show receipts and payments.

I advised the Controlling Officer to ensure that the Financial Statements adequately disclose all transactions and reflect the correct performance of the institution to avoid continual misstatements.

In his response the Controlling Officer submitted that the College was under pressure as their water and electricity had been suspended. The Ministry had no funds under recurrent expenditure hence the college used available funds under Suspense Account because even if the money had been transferred to Central Bank, the College would have still requested permission to use it. The Controlling Officer further stated that the College will avoid this in future.

The Controlling Officer's justification of circumventing regulations and procedures due to pressure is a cause for concern. It also appears the Financial Statements were made to account for monies that were deposited in the Eswatini Central Bank account only, disregarding other activities and transactions of the institution. I am equally concerned about the Financial Statements not reflecting the true state of affairs of the institution.

27.2. Financial Activities not linked to the Government Accounting System

I reported that expenditures amounting to **E11,359, 815.63** reflected in the Financial Statements of William Pitcher College (WPC) and paid for using their official private account were not linked to the Government Accounting System. The expenditures that are linked to the Government Accounting System under Head 30, Responsibility Centre number 7101 (William Pitcher College) are only those that are paid by the Accountant General through account number 302710 which draws directly from the General Central Bank Account number 10016206501. Expenditures drawn from WPC's Central Bank Account number 100016206563 are not disclosed in the Government Accounting System, under Head 30. This expenditure is only reflected in their Financial Statements, which is appendix 50. As a result, transactions for the year and other previous years' could not

be accessed and viewed for control purposes by the Controlling Officer, in the Government Accounting System.

The omission is caused by erroneous inscription of a bank account number in Payment Vouchers, instead of a Cash Book account number that has the Head Number, "30", representing the Ministry of Education and Training, and the Responsibility Centre number "7101", representing WPC. WPC's Accountants did not use the Government Accounting Code Structure when preparing Payment Vouchers. In their payment vouchers they inserted the Eswatini Central Bank account numbers that had no reporting item which should allow comparison with the Financial Statements. The effect of this error is that Data Captures are only able to capture one entry of the double entry accounting system which is account number 354, leaving out the corresponding entry which links each payment made with the Ministry and the College. Currently, the "Head", "Responsibility Centre" and the "Treasury Control Item" are not coded correctly in Payment Vouchers. The Head is wrongly coded as 100 instead of 30, the Responsibility Centre is coded as 0162 instead of 7101 and different items are coded with the same code 06563. The whole number 100016206563 is the bank account number and should not be used to replace the correct code numbers in the Payment Vouchers as this leads to the omission of the transactions in the Government Accounting System.

I further reminded the Controlling Officer about the requirements of Section 3 Subsection 2.1 of the Financial Management and Accounting Procedures Manual, which gives guidance about the structure of the Government Accounting Codes. This structure comprises an eighteen-digit number consisting of five fields which should be the Head, Activity, Responsibility and the Detail Item which is subdivided into a control and reporting item.

I advised the Controlling Officer that the College should use the Government Account Code Structure when preparing the payment vouchers, and stop inserting the Eswatini Central Bank account numbers that have no reporting item and incompatible with the Government Accounting System.

The Controlling Officer stated that the expenditure was captured in the Treasury Accounting system and it could be verified in AA220 and all the expenditure according to batch payments is captured using item codes 52200 and 62191.

I noted that the expenditure was captured in a way that concealed the details of the payments made such that the payees were not stated and the payments were not classified. Clearly, this information would have been captured with

correct coding and correctly prepared Payment Vouchers been used when capturing the expenditure. The improper capturing of the data renders the information unusable by users.

I am therefore not satisfied with the Controlling Officer's response because this practice impeded the Generally Accepted Accounting Principles' ultimate goal of ensuring that an entity's Financial Statements are complete, consistent, and comparable.

27.3. Unaccounted for Funds Transferred to an Account held at Swazi Bank

I reported that the payees of the **E514,970.00** that was transferred to Swazi Bank account named WPC Student Allowance Suspense were not disclosed. Attachments that would have given the names of the recipients of the refunds, including the bank statement for this account were not availed for audit, resulting to a limitation of scope.

I noted that the transfer of E514,970.00 was made in June 2019. On the other hand, the total amount obtained from casting the list of refunds made to various students were E252,438.00 and these were paid using cheques from the Special Account held at the Central Bank of Eswatini. As a result, the financial statements of WPC showed total refunds of E768,210.00 inclusive of the unaccounted for E514,970.00.

I then reminded the Controlling Officer about the Audit Act of 2005, which states that the Auditor General may require any person in the employment of an institution whose accounts are being audited or inspected by him to produce to him all such records, books, vouchers and documents in the possession or under the control of such person as the Auditor General may deem necessary for the performance of his duties.

I implored the Controlling Officer to avail all requested records and documents.

In his response, the Controlling Officer mentioned that the College had an enrolment of more than 500 students since the Academic year 2017/2018 whereas the hostels can only accommodate 408 students. The Ministry of Labour and Social Security paid all students fees to the College account. In his response the Controlling Officer stated that the College avails a list of students paid their allowances through this arrangement but the College did not submit the list of students to the audit team. The list of beneficiaries is always approved by the Ministry of Education and Training through the checking process.

I am not satisfied with the Controlling Officer's response because he did not furnish me with the Bank Statement for the year to the date of audit and the list of students with their respective refund amounts that they received during the year under audit.

HEAD 34: MINISTRY OF FINANCE

28. REPORT ON COMPLIANCE AND VALUE FOR MONEY ON ALL BORROWED FUNDS

28.1. Valuation of Compliance on All Borrowed Funds

I am required by section 87 (7) of the Public Finance Management Act, 2017 to report on compliance with regulations of all borrowed funds, including their economy, efficiency and effectiveness. In the year under review, I observed that the public finance regulations had not yet been endorsed as official regulations to be used as a benchmark for evaluating whether the Government of Eswatini complied with its requirements. Nonetheless, my observations on both external and domestic borrowings are summarised herein this report.

29. PUBLIC DEBT

I have audited the Public Debt Financial Statement as at 31st March 2020, and I communicated the following observations with the Controlling Officer.

29.1. Increase in Public Debt

I observed that the Public Debt has reached the threshold of 35% of Gross Domestic Product (GDP). The Statement of Public Debt shows that total public debt stood at E22,856,892,108.88, which was 35.3% of the GDP. This shows an increase of E4,8 billion (27%) from the E18 billion of the preceding financial year. Public Domestic Debt showed an increase of E1,7 billion (16,5%) from E10,5 billion in the fiscal year 2019 to E12,3 billion in 2020. Public External Debt also increased from E7.5 billion in 2019 to E10,6 billion in 2020 which was an increase of E3,1 billion (41.5%) in the financial year 2020.

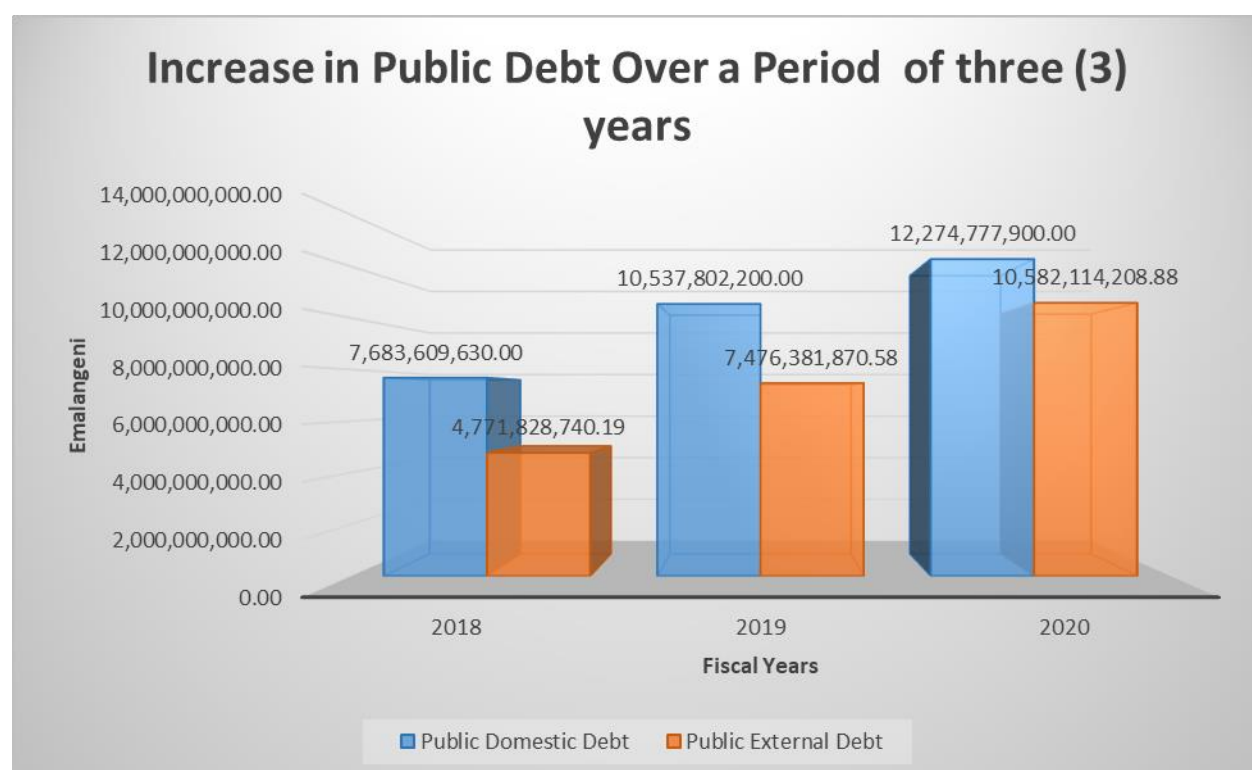
A public debt in excess of the threshold of 35% of GDP is discouraged by the International Monetary Fund and the World Bank, and it raises both sustainability and liquidity concerns.

The increase in the Public Debt over a period of three financial years is illustrated in the table below:

Public Debt over a period of three years

Category	As at 31 st March 2018	Increase FY 2018 to 2019	As at 31 st March 2019	Increase FY 2019 to 2020	As at 31 st March 2020
	E	%	E	%	E
Public Domestic Debt	7,683,609,630.00	37%	10,537,802,200.00	16.5%	12,274,777,900.00
Public External Debt	4,771,828,740.19	57%	7,476,381,870.58	41.5%	10,582,114,208.88
Total Public Debt	12,455,438,370.19	45%	18,014,184,070.58	26.9%	22,856,892,108.88
Increase in Public Debt					4,842,708,038.30

Based on the above figures, the increase in each type of debt (Domestic and External) are slightly less than the increases which were observed in the previous year. This has resulted to a typical increase of 27% in total Public Debt when compared to the significant 45% increase in the previous year. The graphical presentation of the movement of public debt below, indicates the continuous growth of public debt from the fiscal year ended 31st March 2017 to 31st March 2020.



29.2. No Public Debt Management Strategy

I noted that the Ministry still does not have a Public Debt Management Strategy to guide Government's borrowings and hence lack a debt management tool. Developing and implementing a Public Debt Management Strategy is in line with international best practice and is consistent with the achievement of macroeconomic stability and economic growth.

In the absence of the debt management strategy, it could not be ascertained that the commitment of the total debts amounting to E22,856,892,108.88, as at 31st March 2020, were supported by an optimal borrowing plan indicating minimal borrowing costs and a prudent degree of risk exposure embedded in each debt portfolio.

In principle, a Debt Management Strategy is a plan that the Government intends to implement over a medium to long term, in order to achieve a desired composition of the debt portfolio, which reflects the Government's preference with regard to the prevalent cost and risk. The debt management strategy should be reviewed preferably yearly as part of the budget process, to assess whether the assumptions that support the strategy still hold, in light of changed financial economic environments.

The risk is that non-implementation of debt management activities, as outlined in a strategy, might increase debt levels of the Country to an unsustainable level, thereby compromising Government's ability to make repayments in the foreseeable future. In such, a weak control environment, liquidity or cash flow crisis is imminent. Furthermore, increased economic vulnerability and financial instability are likely to attract risky credit ratings from agencies and compromise Government's ability to attract investors in the future.

According to Section 15 (1) (a), (e) and (f) of the Public Finance Management Act of 2017, the fiscal responsibility of the Government should be to maintain prudent levels of public debt, to share the burden of debt between generations, maintain fiscal risks in a prudent manner and develop fiscal policies and strategies consistent with the achievement of microeconomic stability and economic growth. Further Section 79 (2) of the Act states that an administration unit set up for the management of debts, other liabilities and financial assets should operate in accordance with international best practices and should benchmark its performance to the debt management offices of other Governments that are internationally respected for their practices.

In her response referenced FIN/2019/2020 (HEAD 58) dated 18th February 2021, the Controlling Officer concurred with my observation and acknowledged the importance of a debt strategy as a key for the management of sustainable public debt levels. She explained that the Ministry has taken a decision to draft a new Medium Term Debt

Strategy which will take into accounts the shocks of the Covid-19 pandemic and also align with the new Government's post-Covid-19 development strategy. The process of obtaining technical support from the Macroeconomic and Financial Management Institute of Eastern and Southern Africa (MEFMI) has been initiated which will also extend to formulating a Debt Sustainability Analysis, design a medium term debt strategy and review the debt management performance.

The Controlling Officer is applauded for her efforts to seek for technical support and her decision to initiate the process of developing a well-informed public debt management strategy that considers the effects of the Covid-19 pandemic and Government's post-Covid-19 development strategic direction.

30. RECURRENT REVENUE PERFORMANCE

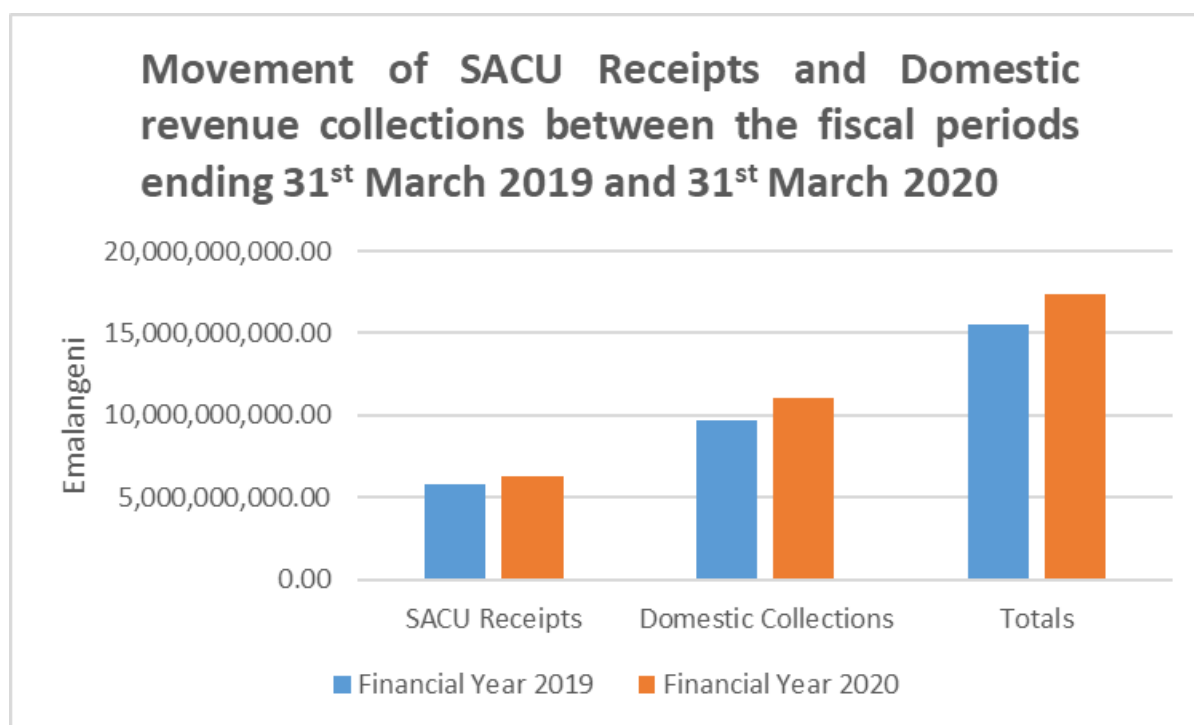
I have audited the Detailed Statement of Revenue for the financial year ended 31st March 2020, and I communicated the following observations with the Accountant General and Controlling Officer, Ministry of Finance.

30.1. Revenue Collection

During the fiscal year ended 31st March 2020, the actual recurrent revenue collection was **E17,357,566,982.08** and was almost equivalent to the projection of **E17,408,035,720.00**. When compared with previous year's performance, both domestic and SACU revenue collections showed an increase of **E1,853,265,953.36**, which was **12%** higher than last year's overall revenue collections of **E15,504,301,028.72**. The Domestic Revenue Collections amounted to **E11,039,413,598.08** and SACU Receipts amounted to **E6,318,153,384.00** for the financial year ended 31st March 2020. The table below depicts the increase in revenue collections:

	Financial Year 2019 (E)	Financial Year 2020 (E)	Increase Revenue (E) in	% Increase
SACU Receipts	5,843,952,484.00	6,318,153,384.00	474,200,900.00	8%
Domestic Collections Add: Omission	9,660,348,544.72	10,998,712,465.26 + 40,701,132.82 11,039,413,598.08	1,379,065,053.36	14%
Total	15,504,301,028.72	17,357,566,982.08	1,853,265,953.36	12%

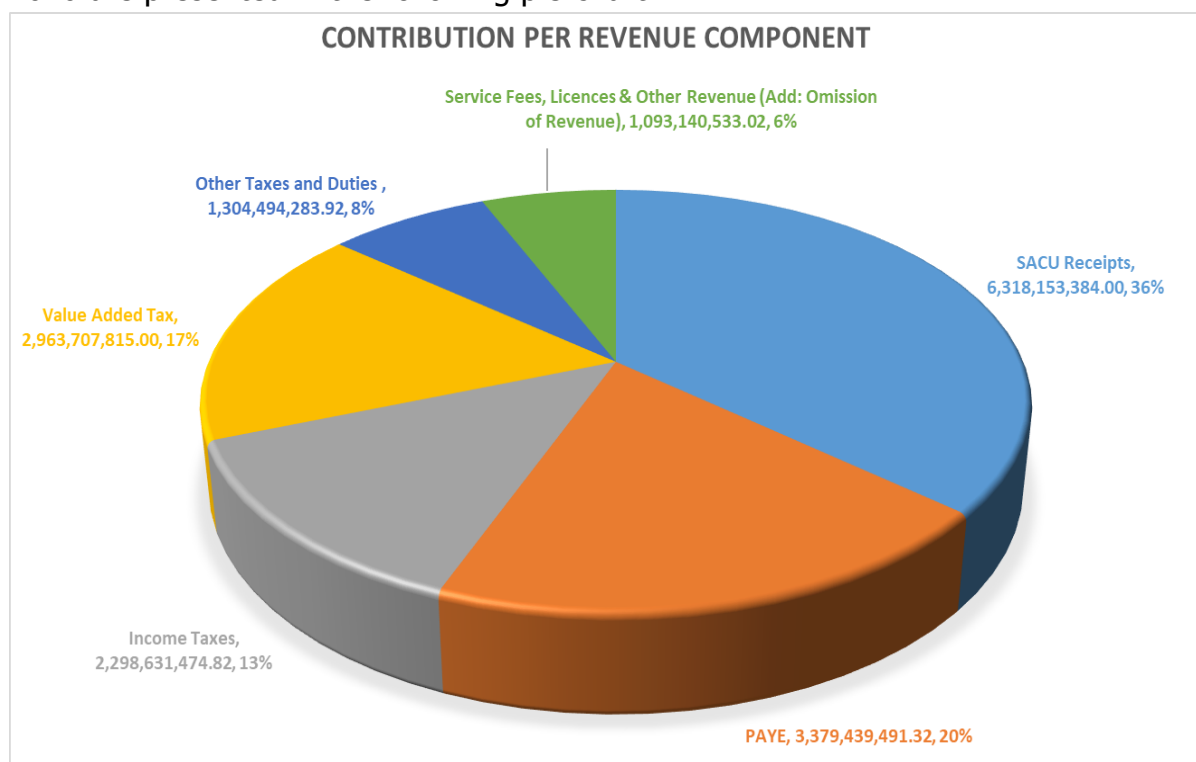
There was an increase in SACU receipts of 8% from a lower base of **E5,843,952,484.00** in the financial year 2019 to **E6,318,153,384.00** in 2020. Further, Domestic Revenue Collection showed an increase of 14% from **E9,660,348,544.72** in the financial year 2019 to **E11,039,413,598.08** in the fiscal year ended 31st March 2020. The graph below illustrates the revenue performance.



The performance of the main components of revenue is presented in the following table.

Revenue Components	FY 2020 (E)	Contribution (%)
SACU Receipts	6,318,153,384.00	36%
Domestic Revenue Collections:	11,039,413,598.08	
PAYE	3,379,439,491.32	20%
Income Taxes	2,298,631,474.82	13%
Value Added Tax	2,963,707,815.00	17%
Other Taxes and Duties	1,304,494,283.92	8%
<i>Service Fees, Licences & Other Revenue</i>	<i>1,052,439,400.20</i>	<i>6%</i>
<i>Add: Omission of Revenue</i>	<i>40,701,132.82</i>	
Total Recurrent Revenue Collection	17,357,566,982.08	

The Collections from the main components of revenue for the year ended 31st March 2020 are presented in the following pie-chart.



SACU Receipts remain the largest contributor with a contribution of 36% (E6,318,153,384.00) of revenue towards the overall revenue collections. Followed by 'Pay As You Earn' (PAYE) which yielded 20% of the overall population (that is E3,379,439,491.32), then Value Added Tax (VAT) with a yield of 17% (that is E2,963,707,815.00), and the Income Tax generated 13% (that is E2,298,631,474.82). Whilst the remaining other collections amounted to E2,438,335,949.76 (14%).

The detailed Recurrent Revenue Performance for both SACU receipts and Domestic Revenue Collection with estimates for the year ended 31st March 2020 is illustrated in the following table.

Detailed Recurrent Revenue Performance

<u>Source</u>	<u>Estimate</u>	<u>Actual Revenue</u>	<u>Variance</u>
	E	E	E

Eswatini Revenue Authority (ESRA):			
SACU Receipts	6,318,153,000.00	6,318,153,384.00	(384.00)
PAYE	3,595,311,000.00	3,379,439,491.32	215,871,508.68
Income Taxes	2,146,855,720.00	2,298,631,474.82	(151,775,754.82)
Value Added Tax	3,446,975,000.00	2,963,707,815.00	483,267,185.00
Other Taxes and Duties	1,106,176,000.00	1,304,494,283.92	(198,318,283.92)
	16,613,470,720.00	16,264,426,449.06	349,044,270.94
Service fees, Licenses and other revenue			
Motor Vehicle and Drivers Licenses	35,392,000.00	39,446,960.37	(4,054,960.37)
Business Licenses	27,848,000.00	30,480,735.72	(2,632,735.72)
Other Licenses	879,000.00	611,374.80	267,625.20
Judicial Fines	19,457,000.00	41,121,695.72	(21,664,695.72)
Rentals	20,914,000.00	12,861,931.96	8,052,068.04
Sale of Goods	10,217,000.00	3,611,702.63	6,605,297.37
Sale of Land & Titles	3,782,000.00	418,350.15	3,363,649.85
Agricultural Services Fees	950,000.00	2,655,898.50	(1,705,898.50)
Medical & Hospital Service Fees	3,746,000.00	7,462,062.71	(3,716,062.71)
Educational Service Fees	95,000.00	308,056.00	(213,056.00)
Immigration & Travel Fees	15,000,000.00	38,748,341.08	(23,748,341.08)
Utilities Service Fee	32,000.00	113,035.00	(81,035.00)
Other Sundry Fees	558,079,000.00	695,219,054.27	(137,140,054.27)
Education Loan	33,198,000.00	100,146,551.26	(66,948,551.26)
Stamp Duties	26,111,000.00	33,615,046.61	(7,504,046.61)
Transfer Duty	38,865,000.00	36,700,542.42	2,164,457.58
Motor Vehicle Levy	0.00	8,918,061.00	(8,918,061.00)
	794,565,000.00	1,052,439,400.20	(257,874,400.20)
Sub-Total	17,408,035,720.00	17,316,865,849.26	91,169,870.74
Less: Dishnoured cheques	0.00	26,614.36	(26,614.36)
Total		17,316,839,234.90	
Add: Revenue Omission:		40,701,132.82	
Un-transferred Revenue Recovery from Scholarship Loans		39,580,230.03	
Omitted Dividends		1,120,902.79	
Total Revenue FY 2020		17,357,540,367.72	

30.2. Omission of Revenue

An audit of the Detailed Statement of Revenue for the financial year ended 31st March

2020, revealed that there was an omission of revenue amounting to **E40,701,132.82**, which consist of revenue recovery from scholarship loans of **E39,580,230.03** and undisclosed dividends of **E1,120,902.79**.

30.2.1. Omission of Revenue - Revenue Recovery from Scholarship Loans

Revenue Recovery from Scholarship Loans amounting **E39,580,230.03** was not recognised as revenue in the Detailed Statement of Revenue. This amount should have been transferred to the General Account (Consolidated Fund) and recognised as revenue under item 22100, a revenue control item which collects loan repayments. The entire collections of **E1,980,597.67** made through First National Bank Account and a balance of the collections of **E37,599,632.36** made through Standard Bank Account were not transferred to the Consolidated (General) Bank Account held with Eswatini Central Bank, as at the year end, 31st March 2020.

The revenue collections from scholarship loan recoveries were not transferred to the General Account but kept in the commercial bank accounts without any justification. The collections are done by an agent on behalf of the Ministry of Labour and Social Security.

It is disquieting to note that the same anomaly has been raised in the Audit Reports over the past two years, wherein the Accountant General committed to address the recurring of the omission of revenue in the Financial Statements; however, there are no corrective measures taken to eliminate this anomaly.

According to Section 44 (1)(c) of the Public Finance Management Act of 2017 the Accountant General should transfer the contents of all subsidiary accounts of the Government account and all accounts in agent banks within Eswatini to the Government Account on a daily basis.

The delayed transfer of revenue collections, has a negative impact on Government cash flows, and may affect service delivery to the public and development. I recommended that the recovered funds should be transferred to Government General Account within the reporting year and be reported in the Detailed Statement of Revenue.

In his response referenced AC/3A/Vol. III/48, dated 17th November 2020, the Accountant General concurred with my observations. He stated that a request to transfer the amount of E37,500,000.00, dated 30th March 2020, was sent to the Standard Bank. However, a bank statement shows that the funds were eventually transferred to the General Account on 15th April 2020. He further disclosed that a request was previously sent to Standard Bank requesting a weekly transfer of the funds with no charges on the account, unfortunately the bank did not heed the request. The Ministry of Labour and Social

Security has since resolved to send request to the bank every month to transfer the available balance to the Government General Account.

With regards to the collections of E1,980,597.67 made through the First National Bank, the Accountant General stated that there was a challenge in transacting the account since most of the signatories of the bank account, both from the Ministry of Labour and Treasury Department retired from public service. To correct this anomaly a letter has since been written to the bank requesting a change of signatories, to enable the transfer of funds.

The effort directed towards resolving and avoiding the recurrence of similar audit findings is appreciated. However, it remains reportable that the matter was not corrected in the year ended 31 March 2020. A follow up audit will be carried out to establish consistent transfer of the funds to the General Account.

31. PUBLIC ENTERPRISES

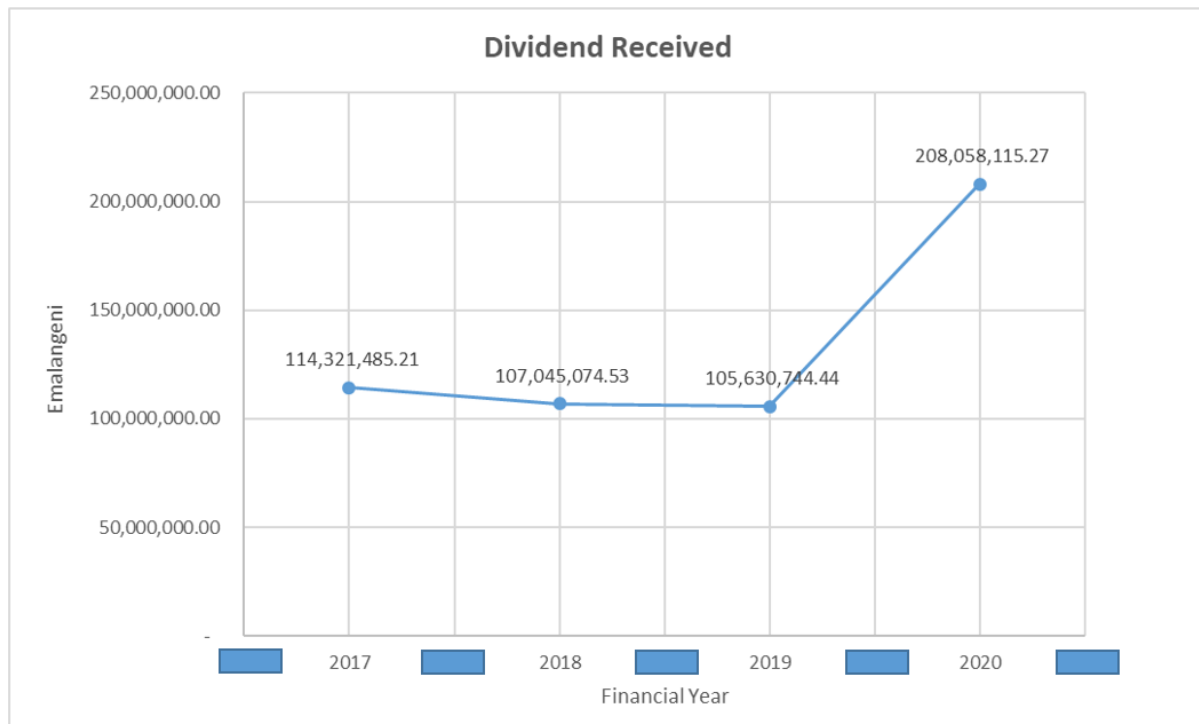
I have audited the dividends received from government investments, subventions paid to public enterprises, and evaluated compliance with statutory audits and submission of audited financial statements for the year ended 31st March 2020. I communicated my observations with the Accountant General and relevant Controlling Officers who are responsible for the public enterprises.

The Government of Eswatini has investments in both Category A and B Public Enterprises. Category A Public Enterprises are those that are either wholly-owned by Government or in which Government has a controlling interest or which depend on Government for subvention for their financial support, whilst category B Public Enterprises are those public companies or bodies in which Government has a non-controlling interest.

31.1. Dividends Received

In the financial year ended 31st March 2020, the government received dividends amounted to **E208,058,115.27**, which consist of dividends received from Category A

Public Enterprises of **E99,847,832.32** and dividends received from Category B Public Enterprises of **E108,210,282.95**. Comparing with previous year, there was an increase in dividends received of **102,427,370.83 (97%)**, from E105,630,744.44 to E208,058,115.27. The graph below presents the trend of dividends received by government from its public enterprises, over a period of four (4) years, starting from 31 March 2017 to 2020.



The increase may be attributed to the wake-up call made by government to evaluate the performance of the public enterprises.

The details of the dividends received from public enterprises are depicted in the following tables.

		Return on Investment			
Category A Public Enterprise	Government Share Holding	Dividends Received 2020	Dividends Received 2019	Dividend Increase or Decrease	Percentage Increase or Decrease
	Number of Shares or %	E	E	E	
Eswatini Development Finance Corporation (FINCORP)	80%	247,832.32	621,130.86	-373,298.54 Decrease	-60%
Eswatini Bank	100% 54,861,000 shares	7,600,000.00	7,600,000.00	No change	No change
Eswatini Electricity Company	100%	92,000,000.00	12,468,900.30	79,531,099.70	638%
Eswatini Railway	100%	-	-	-	-
Total Dividends Received from Category A Public Enterprises		99,847,832.32	20,690,031.16	79,157,801.16	383%

		Return on Investment			
Category B Public Enterprise	Government Share Holding	Dividends Received 2020	Dividends Received 2019	Increase or (Decrease)	Increase or (Decrease)
	shares & %	E	E	E	%
Royal Eswatini Sugar Corporation	6,262,511 shares, 6.5%	6,023,283.08	3,519,531.18	2,503,751.90	71%
Eswatini Royal Insurance Corporation	1,640,000 Shares, 41%	57,810,000.00	60,393,000.00	-2,583,000.00	-4%
Nedbank Eswatini Limited	5,506,234 shares, 22.35%	7,708,727.60	7,433,415.90	275,311.70	4%
McMillan Eswatini (PTY) LTD	300 shares, 30%	9,000,000.00	7,200,000.00	1,800,000.00	25%
Maloma Colliery (Pty) Ltd	1,250,000 shares, 25%	0.00	3,875,000.00	-3,875,000.00	-100%
African Reinsurance Corporation	7,449 shares, 0.25%	873,070.47 (US\$59,592.00)	1,479,766.20	-606,695.73	-41%
AON Eswatini Insurance Brokers (PTY) LTD	160 shares, 16%	1,072,000.00	1,040,000.00	32,000.00	3%
Eswatini Airlink	1,020,000 shares, 51%	3,499,201.80	-	3,499,201.80	100%
Standard Bank Limited	3,651,187 shares, 25%	22,224,000.00	-	-	100%
Eswatini Industrial Development Corporation	8,428,542 shares, 34.95%	-	-	-	-
Eswatini Fruit Cannery (Swazi Can)	600 348 shares, 5%	-	-	-	-
Dividends Received from Category B Public Enterprises		108,210,282.95	84,940,713.28		
Total Dividends Received		208,058,115.27	105,630,744.44	102,427,370.83	

31.2. Undisclosed Dividends Received

I observed that dividends received amounting to **E1,120,902.79** were omitted in the Financial Statements. Dividends received from FINCORP of **E247,832.32** and African Reinsurance Corporation of **E873,070.47** (US\$59,592.00 x 14.6508) were not disclosed in the Detailed Statement of Revenue for the year ended 31st March 2020. This anomaly was revealed by a reconciliation of the dividends payment recognised by the Treasury Department with the Dividend payments schedule received from the Ministry of Finance for the year ended 31st March 2020.

Financial and Accounting Instructions 0201(iii) and (xiii) states that “it is the duty of the Accountant General to exercise supervision over the receipts of public revenue and so far as is possible to secure its punctual collection. And to render the annual accounts for audit to prepare financial statements and returns in order to account fully for the financial activities of the Government”.

Further, Investments Section 54 (3) of the Public Finance Management Act (2017) states that “interest earned in other income from investments of public money shall be credited to the government account”.

In response, referenced 2019/2020 dated 27th January 2021, the Accountant General concurred with my observation and explained that the information pertaining to the above mentioned undisclosed dividends was only received on the 7th January 2021 and the financial year had elapsed for new transactions to be captured. A letter requesting for all proof of payments received on dividends during the financial year 2019/2020 was sent to the Principal Secretary on the 24th June 2020. A response was received dated 1st July 2020 presenting information on all dividends received, except for the omitted dividends from the two investments. Subsequently these dividends have been captured into the consolidated fund in the financial year ended 31st March 2021.

The response from the Accountant General is appreciated. However, the revenue figure remains understated by the omission of dividends received, and the Accountant General should have confirmed that there were no dividends received from these investments, after receiving the response from the Principal Secretary.

31.3. Decline in Dividends from FINCORP and African Reinsurance Corporation

I noted with concern a decline in dividend payment received from Eswatini Development Finance Corporation (FINCORP) in the two financial years ended 31st March 2019 and 2020, 40% and 60% respectively. The dividends amount paid were E1,033,775.00 in 2018, E621,130.86 in 2019 and E247,832.32 in 2020.

Further, a significant decrease in dividend of 23%, amounting to E344,181.80 from African Reinsurance Corporation was also noted between the year ended 31st March 2019 and 2020, with a fall from E1,479,766.20 to E1,135,585.15.

Fundamentally, declining dividends are a cause for concern as they may signal a cash position problem in the company's current and future operations. However, the declining trend can be valid in the event these companies retained a larger portion of the cash surplus with the purpose of funding the financial sustainability plan or new investment projects.

The following is an analysis of the decline in dividends:

Investment in	Financial Year	Dividend (E)	Decrease (E)	Decrease in %
Eswatini Development Finance Corporation (FINCORP)	2018	1,033,775.00	-	-
	2019	621,130.86	412,644.14	40
	2020	247,832.32	373,298.54	60
African Reinsurance	2019	1,479,766.20	-	-
	2020	1,135,585.15	344,181.80	23

The decline in dividends might be happening at an alarming rate and at face value raises concerns of financial sustainability of these companies.

The Ministry should investigate the cause for the significant decline in dividends. Further, a submission of relevant information to the Office of the Auditor General is requested.

31.4. Companies not Remitting Dividends to Government

I noted with concern that for a maximum period of five years Government had not received any income (dividends) from its investment in some companies. The Industrial Development Company of Eswatini (IDCE) and Swazican Fruit Cannery have not been remitting dividends from the year ended 2016 to 2020, Eswatini Railway for the three-year period commencing from 2018 to 2020, while Maloma Colliery did not remit dividends for the year ended 2019 to 2020. The non-receipt was as a result of no dividend declaration by the companies. These are companies amongst others where Government has made an investment, with an expectation of getting a return in the form of dividends.

The Dividend Policy, clause 14, states that public companies are expected to pay dividends to Government except for those that are not profit making enterprises.

The non-declaration of dividends is contrary to Government's investing objective of generating equity income, and might further pose a possibility of zero growth in the investment value (share value) in these companies.

The following are the reasons cited by the Management of the Companies for the nil declaration of dividends.

Equity Company	Government's Shareholding	Period of non-remittance	Management's reason for the non-declaration of dividends
Industrial Development Company of Eswatini (IDCE)	34.95%	2016 – 2020	Through its letter dated 22 nd May 2017 sent to the Principal Secretary, Ministry of Finance, management advised that the Company had not performed well for the past ten (10) years, and as such no dividends were declared. They further advised that in terms of its Strategic Plan furnished to the Ministry at the end of the Financial year 2015/2016, the Company will be in a position to start declaring dividends in the year 2019.
Swazican Fruit Cannery	5%	2016 – 2020	Through its letter dated 20 th June 2017 submitted to the Principal Secretary, Ministry of Finance, management advised that the Board of Directors had a clear strategy for the growth of the company. To fund the growth programme and to improve the equity and capital structure of the company, the Board of Directors took a decision not to declare dividends, which was influenced by financial losses incurred by the company which eroded the equity and capital structure a few years ago.
Eswatini Railway	100%	2018 – 2020	Management comments were not received.
Maloma Colliery	25%	2019 – 2020	Through its letter dated 23 rd December 2020, the management submitted that in 2018 the company made a marginal profit of E11.8 Million, and the Board of Directors declared nil dividend based on constrained cash flow and the profit was retained to meet planned investment. It was further submitted that in 2019, the company recorded a loss of E5.3 Million and the Board of Directors declared nil

			dividend again due to negative cash flow generated in the financial year.
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The current status of performance of the Industrial Development Company of Eswatini (IDCE) and Swazican Fruit Cannery was not ascertained, since there was no information received from the Management. The non-declaration of dividends to date might be a clear indication of the company's strategic interventions (plans) not yielding the desired positive results, hence a possible further decrease on equity and capital structure might have occurred.

A loss on the investment might be incurred in the event of a shrinking company value (financial position).

An update on the current status of financial performance of these companies should be pursued by the Ministry. Secondly an evaluation of the continued holding of the equity in these companies should be conducted and a decision taken, with the aim of eliminating any possible financial loss on Government.

31.5. Overpaid Subventions to Public Enterprises

An audit of the Government Expenditure to Public Enterprises as at 31st March 2020, revealed that there was overpayment of subvention to Eswatini National Youth Council amounting to E10,867,500.00. The actual amount paid was more than the budgeted amount.

The breakdown of the overpaid subvention is depicted in the table below.

Public Enterprise	Responsible Ministry	Government Account Number	Budget Provision Amount (E)	Actual Amount (E)	Overpaid (E)
Eswatini National Youth Council	Sports, Culture and Youth	562140110506	3,830,000.00	14,697,500.00	10,867,500.00
Total					10,867,500.00

Financial and Accounting Instruction 0103 states that when a General Warrant is signed, a Treasury Warrant will be issued to each Controlling Officer giving him authority to spend in accordance with the approved Estimates, subject to any reservations which may be imposed. Section 0202 of the Financial and Accounting Instruction also states that the Controlling Officer is responsible for ensuring that no amount is spent in excess of the amounts specified in the Treasury warrant.

According to Section 34 (2) (a) of the Public Finance Management Act of 2017, expenditure in excess of the amount appropriated under an Appropriation Act should be included in a statement of expenditure in excess which shall be laid before parliament and referred to the Public Accounts Committee.

Explanations for the overpayment of subvention with supporting evidence authorising the over expenditure to these public enterprise was requested from the responsible Controlling Officer; however, no response was received by the Office of the Auditor General.

31.6. Non-compliance with Statutory Requirements of Submitting Audited Financial Statements and Audit Report (Management Letter)

All government controlled business enterprises, are required by Section 7 of the Public Enterprises Monitoring and Control Act, 1989 and Public Enterprises Unit (PEU) Circular Number 3 of 2008, to have their annual accounts audited and submitted to both the Office of the Auditor General and the Public Enterprises Unit for review.

I have noted great improvement in the submission of audited financial statements by the public enterprises. However, there are three public enterprises which did not comply with the above statutory requirements, some by default rather than by intention. These public enterprises are listed in the table below:

Name	Responsible Ministry	Subvention Amount (E)
Eswatini National Provident Fund	Public Service	Nil
Eswatini Christian Medical University	Education and Training	10,800,000.00
Eswatini National Trust Commission	Tourism	17,777,945.00
Total		28,577,945.00

Draft financial statements of Eswatini National Provident Fund were submitted to the Public Enterprise Unit, pending their official endorsement by the Board and the audit firm. Regarding the audit of the Eswatini National Trust Commission, there is a backlog of over four financial years that was caused by non-submission on yearly basis and delays in submitting the financial statements for audit purposes, in the past years. The submission of Financial Statements covering over 4 financial years resulted in this office being overstretched. However, after considering the backlog and a limited number of auditors, the audit shall be outsourced to private audit firms whilst the Office of the Auditor General is trying tirelessly to obtain authority to fill 30 vacant posts.

After communication between the Office of the Auditor General and the Ministry of Tourism and Environmental Affairs, both parties agreed to outsource the audits to private auditors to eliminate the backlog. Despite glitches caused by the Covid-19 pandemic, the process of acquiring the audit service has been commenced.

An explanation given by the Eswatini Christian Medical University was that a subvention was not released to enable the Public Enterprise to pay its auditors. There was no response received from the Ministry of Public Service with regards to ENPF.

32. RECURRENT EXPENDITURE PERFORMANCE

Audit of Detailed Statement of Recurrent Expenditure

An audit of the Detailed Statement of Recurrent Expenditure for the financial year ended 31st March 2020, revealed the following audit queries which were communicated to the responsible Controlling Officers, Accountant General and Ministry of Finance.

32.1. Monthly Returns as Budget Execution Control Tool

Each Warrant Holder or Ministry has an obligation to submit monthly management reports to the Ministry of Finance, and the role of the Ministry of Finance is to review the monthly management reports, make enquiries on noticeable shortcomings and advise other ministries on budget management and control, at the earliest time possible. This may minimise significant over expenditures and cash flow constraints arising from unauthorised over expenditures.

I noted that there were various serious control weaknesses relating to control of budget function in the computerised government accounting system. I communicated these anomalies in my memorandum referenced F13 Vol VII/29 dated 30th December 2020, to which there has been no response to date. This contravenes 0203(xii) of the Financial and Accounting Instructions of 1970, which require that audit queries be addressed promptly.

32.2. Unauthorised Over Expenditure on Recurrent Vote

An audit of Detailed Statement of Recurrent Expenditure for the financial year ended 31st March 2020, revealed that there were significant unauthorised over expenditures

amounting to **E194,794,379.34** incurred on Recurrent Vote by the Ministries and Departments, as illustrated in the table below.

Ministries / Departments	Appropriated Budget	Released Budget	Actual Expenditure	Over Expenditure	%
CTA Vehicle Charges	E	E	E	E	
Royal Police Service	64,149,001.00	59,035,126.00	108,515,113.30	49,479,987.31	84
His Majesty's Correctional Services	21,856,574.00	15,354,489.00	30,483,233.57	15,128,744.57	99
Public Works & Transport	57,752,374.00	39,500,174.00	54,993,667.76	15,493,493.76	39
Home Affairs	13,939,684.00	11,588,885.00	15,476,021.40	3,887,136.40	34
Elections & Boundaries Commission	2,969,398.00	2,969,392.00	5,971,241.57	3,001,849.57	101
Total Over Expenditure on CTA Vehicle Charges				86,991,211.61	
Over Expenditure on Personnel Costs					
Royal Police Service	181,693,020.00	181,693,016.00	206,794,492.04	25,101,476.04	14
Over Expenditure on Medical Drugs					
Health	91,543,652.00	91,543,652.00	143,970,994.80	52,427,342.78	57
Foreign Affairs and International Cooperation					
12 Missions Abroad	Professional and Special Services	26,665,237.00	36,369,251.75	9,704,014.75	36
15 International Relations	Travel, Transport & Communication	46,983,451.00	67,553,785.16	20,570,334.16	44
Over Expenditure incurred by Foreign Affairs and International Cooperation				30,274,348.91	
Unauthorised Over Expenditure on Recurrent Vote				194,794,379.34	

CTA Vehicle Charges: Significant unauthorised over expenditures on CTA Vehicle Charges amounting to **E86,991,211.61** were incurred by five Public Entities: *Royal Police Service of E49,479,987.31; Public Works and Transport of E15,493,493.76; His Majesty's Correctional Services of E15,128,744.57; Home Affairs of E3,887,136.40; and Elections and Boundaries Commission of E3,001,849.57.*

The **Ministry of Health** incurred significant unauthorised over expenditure on **Medical Drugs of E52,427,342.78.**

The **Ministry of Foreign Affairs and International Cooperation** incurred significant unauthorised over expenditures amounting to **E30,274,348.91**: consists of over expenditures on Professional Special Services of E20,570,334.16 and on Travel, Transport and Communication of E9,704,014.04.

The **Royal Police Service** also incurred significant over expenditure on **Personnel Costs of E25,101,476.04.**

Over expenditure beyond the budget released as appropriated by parliament is not only unlawful but also has serious effect on the fiscal budget. This was in contravention of

Financial and Accounting Instruction number 0202 (ii), which states that Controlling Officers are responsible for ensuring that no amount is spent in excess of the amounts specified by Treasury Warrants.

Section 107(3)(j) read with Section 34(7) of the Public Finance Management Act of 2017, also states that “a public office and public officer, or other person with responsibility for government resources commits an offence of financial misconduct if, without lawful authority under this Act or other lawful authority, that person wilfully or negligently incurs unauthorised expenditures or makes unauthorised commitments. Any excess or any amount expended but not appropriated and which is not allowed under this section is treated as a loss of public moneys. As stated in the Section 34(5), unauthorised expenditure may lead to disciplinary actions.

32.3. Unjustified Under Expenditures incurred by Ministries/Departments

The audit revealed that significant unjustifiable under expenditures were incurred on Recurrent Vote by the Ministries and Departments amounting to **E322,543,489.31** during the financial year ended 31st March 2020. These under expenditures indicates inefficiencies and deficiencies in the implementation of planned programs that were intended for economic development and improvement of the lives of the citizens and/or service delivery to the public.

The highlighted under expenditures reflect unachieved intended results from the released and availed budget funds. Planned programs were not implemented with the released budget funds under the Expenditure Control Items: Drugs of **E112,064,621.00**; Professional and Special Services of **E30,729,740.76**; Travel, Transport and Communication of **E24,703,572.76**; CTA Vehicle Charges of **E24,052,106.22**; Personnel Costs amounting to **E16,035,509.61**: E7,407,377.07 under unrestricted Ministry (Health), E6,793,413.64 under Agriculture – Promotion & Extension, and E1,834,718.90; Grants and Subsidies – External of **E111,771,927.18**; and Durable Materials and Equipment of **E1,138,485.00** unutilised (100% unused) released budget funds. I noticed that some Controlling Officers misguidedly construe these under expenditures as cost savings instead of forgone returns emanating from tying up funds that would have been invested in highly profitable investments, had they not been withheld by the Controlling Officers for the whole year.

The details of the unjustifiable under expenditure are depicted in the table below:

Ministries / Departments	Appropriated Budget	Released Budget	Actual Expenditure	Over Expenditure	%
	E	E	E	E	
CTA Vehicle Charges					
Agriculture	60,593,729.00	39,870,199.00	29,051,939.70	10,818,259.30	27
Commerce, Industry and Trade	10,674,101.00	10,315,827.00	5,972,938.79	4,342,888.21	42

Internal Audit	1,369,442.00	1,144,292.00	546,914.09	597,377.91	52
Health	29,130,711.00	29,130,593.00	20,837,011.20	8,293,580.80	28.5
Total Under Expenditure on CTA Vehicle Charges	101,767,983.00	80,460,911.00	35,571,792.58	24,052,106.22	
Personnel Costs					
Agriculture Promotion and Extension	58,159,566.00	58,159,543.00	51,366,129.36	6,793,413.64	12
Commerce, Industry and Trade	2,187,868.00	2,187,865.00	353,146.10	1,834,718.90	84
Health	39,614,721.00	39,614,708.00	32,207,330.93	7,407,377.07	19
Total Under Expenditure on Personal Costs	99,962,155.00	99,962,116.00	83,926,606.39	16,035,509.61	
Travel, Transport and Communication					
Tinkhundla Administration and Development	8,541,669.00	8,534,863.00	887,020.96	7,647,842.04	90
Health	36,618,531.00	35,872,866.00	28,775,368.63	7,097,497.37	20
Information, Communication and Technology	8,191,336.00	8,160,508.00	4,719,257.92	3,441,250.08	42
Justice & Constitutional Affairs	6,423,889.00	6,406,085.00	3,732,915.80	2,673,169.20	42
His Majesty's Correctional Services	12,443,693.00	12,405,907.00	8,562,092.93	3,843,814.07	31
Total Under Expenditure on Travel, Transport and	72,219,118.00	71,380,229.00	46,676,656.24	24,703,572.76	
Drugs					
Health	105,241,624.00	105,241,620.00	76,673,227.73	28,568,392.27	27
Health	386,671,152.00	386,671,152.00	303,174,923.30	83,496,228.70	22
Total Under Expenditure on Drugs	491,912,776.00	491,912,772.00	379,848,151.03	112,064,620.97	
Professional and Special Services					
Education and Training	17,125,046.00	13,508,676.00	8,178,849.92	5,329,826.08	40
Ministry Administration	37,268,639.00	37,268,639.00	20,747,762.37	16,520,876.63	44
Public Service	1,332,975.00	1,275,672.00	172,577.58	1,103,094.42	87
Information, Communication and Technology	5,407,757.00	5,390,840.00	3,026,136.56	2,364,703.44	44
Anti-Corruption Commission	9,518,005.00	4,329,155.00	1,909,203.99	2,419,951.01	56
Public Works and Transport	11,394,687.00	10,892,542.00	7,901,252.82	2,991,289.18	28
Total Under Expenditure on Professional and Special	82,047,109.00	72,665,524.00	41,935,783.24	30,729,740.76	
Consumable Materials Supplies					
Private and Cabinet Office	3,991,346.00	3,823,643.00	637,631.19	3,186,011.81	83
Total Under Expenditure on Consumable Materials Supplies	3,991,346.00	3,823,643.00	637,631.19	3,186,011.81	
Durable Materials and Equipment					
Natural Resources and Energy - Administration	1,078,485.00	1,078,485.00	-	1,078,485.00	100
Lands	60,000.00	60,000.00	-	60,000.00	100
Total Under Expenditure on Durable Materials and Equipment	1,138,485.00	1,138,485.00		1,138,485.00	
Grants and Subsidies					

Finance - Central Transfer	1,135,000,000.00	1,018,561,703.00	906,789,775.82	111,771,927.18	11
Total Under Expenditure on Grants and Subsidies	1,135,000,000.00	1,018,561,703.00	906,789,775.82	111,771,927.18	
Total Under Expenditure	1,988,038,972.00	1,839,905,383.00	1,495,386,396.49	322,543,489.31	

Under expenditures of 10% or more in a year are considered to be not conducive to the development of the country. Under expenditure is a serious concern as the unutilised funds deprive other Government projects or programmes of planned development initiatives. Had the funds been accessible and/ or used to finance essential programmes, they would have contributed towards the development and economic growth of the country.

32.4. Unutilised (100% Unused) Released Budget Funds

The audit revealed that there were unutilised (100% unused) released budget funds by the implementing or responsible Ministries and Departments, amounting to **E16,407,760.00**. These budgets constitute released funds to the Ministry of Natural Resources and Energy of E1,138,485.00 for Durable Materials and Equipment, released funds to discontinued operations under Head 36 – Customs and Excise of E5,700,051.00, under Head 39 – Income Tax of E8,607,213.00, Centre 45 – Civil Aviation under the Ministry of Public Works and Transport of E57,213.00, Centre 15 – Central Rural Development Unit under the Ministry of Tinkhundla Administration and Development of E15,350.00, and under Head 28 – Enterprise and Employment of E4,829.00.

The table below depicts the unutilised (100% unused) released budget funds on Durable Materials and Equipment, allocated to the Administration and Lands Section of the Ministry of Natural Resources and Energy.

Head: 10 Ministry of Natural Resources and Energy

Control Item	Responsibility Centre	Budget Allocation	Released Budget	Unutilised Budget
		E	E	E
Durable materials and Equipment	11- Ministry Administration	1,078,485.00	1,078,485.00	1,078,485.00
Durable materials and Equipment	26-Lands	60,000.00	60,000.00	60,000.00
Total Unutilised Funds		1,138,485.00	1,138,485.00	1,138,485.00

32.5. Discontinued Ministries and Departments allocated unauthorised budgets E57,432,601.00 of which E14,393,656.00 was released

I observed that **E57,432,601.00** was allocated to abolished Ministries and Departments. Further, **E14,393,656.00** was released to non-existing Ministries and Departments. Some Ministries had limited budgets, yet funds were allocated and released to discontinued Ministries and Departments. The table below has more details.

Discontinued Ministry and Departments Allocated Unauthorised Budget

Ministries and Departments		Unauthorised Budget Allocation	Released Budget
		E	E
Head 28 - Enterprise and Employment			
CTA Vehicle Charges		57,959.00	4,829.00
Discontinued Ministry of Enterprise and Employment Allocated Unauthorised Budget		57,959.00	4,829.00
Head 36 - Department of Taxes			
Departmental Administration:			
CTA Vehicle Charges		58,439.00	4,869.00
Personnel Costs		22,580,869.00	5,645,216.00
Sub-total		22,639,308.00	5,650,085.00
Regional Offices:		199,865.00	49,966.00
Personnel Costs		199,865.00	49,966.00
Discontinued Department of Taxes Allocated Unauthorised Budget		22,839,173.00	5,700,051.00
Head 39 - Department of Customs and Excise		34,462,906.00	
Departmental Administration:			
CTA Vehicle Charges		51,035.00	4,252.00
Personnel Costs		16,894,599.00	4,223,649.00
Sub-total		16,945,634.00	4,227,901.00
Customs:		17,517,272.00	4,379,312.00
Personnel Costs		17,517,272.00	4,379,312.00
Discontinued Customs and Excise Allocated Unauthorised Budget		34,462,906.00	8,607,213.00
Discontinued Ministry and Departments Allocated Unauthorised Budget		57,360,038.00	14,312,093.00
Head 53 – Ministry of Public Works and Transport			
Control Item	Budget Allocation	Released Budget	Unutilised Budget
Centre 45-Civil Aviation	E	E	E
Personnel Costs	48,292.00	48,292.00	48,292.00
Professional and Special Services	13,384.00	8,921.00	8,921.00
Total Unutilised Funds		57,213.00	57,213.00
Head 09 – Ministry of Tinkhundla Administration and Development			
Centre 15 - Central Rural Development Unit	E	E	E

Consumables materials and Supplies	2,389.00	2,385.00	2,385.00
Travel Transport and Communication	7,860.00	7,856.00	7,856.00
Professional and Special Services	1,493.00	1,491.00	1,491.00
Consumables Materials and Supplies	3,622.00	3,618.00	3,618.00
Total Unutilised Funds		15,350.00	15,350.00
Total Unauthorised Budget Allocation and Released to Abolished/Discontinued Ministries and Departments		57,432,601.00	14,393,656.00

32.6. Uncaptured Appropriated Budget

I noted that there were uncaptured appropriated budgets amounting to **E44,401,782.00**, in the Government Accounting System and subsequently not disclosed in the Detailed Statement of Recurrent Expenditure – Appendix 7. These budgets were part of the Appropriation Act by Parliament. This was observed when a comparison of the approved Budget (Estimate) Book and the Appropriation Act was conducted. The uncaptured appropriated budgets are shown in the table below:

Ministries and Departments	Appropriated Budget (Appropriation Act)	Budget Estimate Book (1 April 2019 – 31 March 2022)	Budget Allocation Captured – Appendix 7	Uncaptured Budget
	E	E	E	E
Head 02 – Parliament	100,540,352.00	100,540,352.00	77,440,155.00	23,100,197.00
Head 23 – Ministry of Economic Planning and Development	104,156,773.00	104,156,773.00	87,156,772.00	17,000,001.00
Head 43 – Ministry of Information, Communication and Technology	191,921,322.00	191,921,322.00	189,921,292.00	2,000,030.00
Head 56 – Ministry of Sports, Culture and Youth Affairs	45,912,274.00	45,912,274.00	43,912,273.00	2,000,001.00
Head 26 – Fire and Emergency Services	88,335,734.00	88,335,734.00	88,088,160.00	247,574.00
Head 29 – Ministry of Commerce, Industry and Trade	126,136,411.00	126,136,411.00	126,082,432.00	53,979.00
Total Uncaptured Appropriated Budget				44,401,782.00

I was not provided with explanations why lawfully authorised budget provisions were not allocated to the above listed government entities in the Government Accounting System.

32.7. Unauthorised (Unappropriated) Budgets

I observed that there were unauthorised budgets amounting to **E131,071,157.00** captured in the Government Accounting System and disclosed in the Detailed Statement of Recurrent Expenditure – Appendix 7, which were not appropriated by Parliament. This was noted when comparing appropriated budget as itemised in the Detailed Statement of Recurrent Expenditure with the Approved Budget (Estimate) Book and Appropriation Act passed by Parliament.

These budgets were allocated to both discontinued and continuing public entities as follows:

Ministries and Departments	Appropriated Budget (Appropriation Act)	Budget Allocation Captured Appendix 7 –	Unauthorised (Unappropriated) Budget
Discontinued Public Entities	E	E	E
Head 28 – Enterprise and Employment	0.00	57,959.00	57,959.00
Head 36 – Department of Taxes	0.00	22,839,173.00	22,839,173.00
Head 39 – Department of Customs and Excise	0.00	34,462,906.00	34,462,906.00
Active Public Entities			
Ministry of Finance	559,274,642.00	562,667,635.00	3,392,993.00
Ministry of Foreign Affairs and International Cooperation	0.00	9,999,998.00	9,999,998.00
Central Transport Administration	0.00	60,318,128.00	60,318,128.00
Total unauthorised (unappropriated) budgets			131,071,157.00

I did not get an explanation why un-authorised funds were allocated to existing and discontinued government entities.

32.8. Uncaptured Supplementary Appropriated Budget - E166,267,688.00

I also observed that a total of **E166,267,688.00** from the appropriated supplementary budget was not captured in the Government Accounting System and subsequently in the Detailed Statement of Recurrent Expenditure. This was noted when comparing the revised budget provision in the Detailed Statement of Recurrent Expenditure and the Supplementary Appropriation Act. The Heads or Ministries that had their supplementary appropriated budgets not captured and disclosed in the Detailed Statement of Recurrent Expenditure are reflected in the table below:

Head/Ministry	Approved Estimate	Revised Provision	Revised Provision less	Supplementary Appropriation	Uncaptured Supplementary
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		Including Supplementary Budget	Approved Estimate		Appropriated Budget
	E	E	E	E	E
Head 53 – Ministry of Public Works & Transport Totals	741,715,137.00	748,229,785.00	6,514,648.00	57,288,206.00	50,773,558.00
Head 07 – Ministry of Foreign Affairs & International Cooperation	390,837,378.00	448,346,388.00	57,509,010.00	87,973,140.00	30,464,130.00
Head 45 – Ministry of Health	2,008,293,205.00	2,644,776,824.00	636,483,619.00	636,513,619.00	30,000.00
Head 60 – Central Transfers	1,135,000,000.00	1,135,000,000.00	-	85,000,000.00	85,000,000.00
Uncaptured Supplementary Appropriated Budget					166,267,688.00

32.9. Unauthorised Supplementary Budget Allocations

I further observed that there were unauthorised supplementary budget allocations amounting to **E21,000,000.00**, allocated to three Ministries. This anomaly was observed when comparing Revised Appropriated Budget Allocations as depicted in the Detailed Statement of Recurrent Expenditure with the Supplementary Appropriation Act. The Three Ministries which received the unauthorised supplementary budget allocations are illustrated in the table below:

Ministries	Approved Estimate	Revised Provision Including Supplementary Budget	Revised Provision less Approved Estimate	Supplementary Appropriation	Unauthorised Supplementary Budget Allocation
	E	E	E	E	E
Head 23 - Ministry of Economic Planning and Development	87,156,772.00	143,148,661.00	55,991,889.00	38,991,889.00	17,000,000.00
Head 43 - Ministry of Information, Communication and Technology	189,921,292.00	205,052,842.00	15,131,550.00	13,131,550.00	2,000,000.00
Head 56 - Ministry of Sports, Culture and Youth Affairs	43,912,273.00	46,111,304.00	2,199,031.00	199,031.00	2,000,000.00
Unauthorised Supplementary Budget Allocations					21,000,000.00

33. Audit of Detailed Statement of Recurrent Expenditure

An audit of the Detailed Statement of Recurrent Expenditure for the financial year ended

31st March 2020 was conducted and my findings were communicated to the Controlling Officer through a memorandum referenced F13 Vol. VII/21, dated 28th October 2020. The Controlling Officer responded through a memorandum referenced FIN2/2020/21 dated 10th December 2020.

33.1. Under Expenditure

I observed that there were under expenditures of **E23,578,625.41** incurred on various control items by the Ministry's different Responsibility Centres, and an under expenditure of **E111,771,927.18** on grants and subsidies under Head 60 - Central Transfers. The table below illustrates the under expenditures.

Responsibility Centre	Control Item	Appropriated Budget	Released Budget	Actual Expenditure	Under Expenditure	%
10 Minister's Office		E	E	E	E	
	CTA Vehicle Charges	31,435.00	31,435.00	26,446.81	4,988.19	15.9
	Travel, Transport and Communication	728,798.00	728,798.00	632,697.09	96,100.91	13.2
	Sub-total				101,089.10	13.3
12 Ministry Administration						
	CTA Vehicle Charges	1,798,341.00	1,798,341.00	879,362.97	918,978.03	51.1
	Personnel Costs	12,753,296.00	12,753,293.00	9,398,639.96	3,354,653.04	26.3
	Travel, Transport and Communication	5,803,149.00	5,803,149.00	3,798,923.19	2,004,225.81	34.5
	Professional and Special Services	37,268,639.00	37,268,639.00	20,747,762.37	16,520,876.63	44.3
	Consumable Materials and Supplies	840,383.00	840,383.00	689,953.39	150,429.61	17.9
	Durable Materials and Equipment	700,000.00	700,000.00	171,626.81	528,373.19	75.5
	Sub-total				23,477,536.31	39.7
Total Under Expenditure on Recurrent Vote – Head 34: Finance					23,578,625.41	
HEAD: 60 CENTRAL TRANSFERS						
Central Transfers	11-Grants and Subsidies – External	1,135,000,000.00	1,018,561,703.00	906,789,775.82	111,771,927.18	11.0
Total Under Expenditure on Recurrent Vote – Head 60: Central Transfers					111,771,927.18	11.0

Under expenditures of 10% or more in a year are considered to be not conducive to the development of the country. Under expenditure is a serious concern as the unutilised funds deprive other Government projects or programmes of planned development initiatives. Had the funds been accessible and/ or used to finance essential programmes, they would have contributed towards the development and economic growth of the country.

In her response referenced FIN2/2020/21 dated 10 December 2020, the Controlling Officer concurred with my observations and she provided the following explanations for the under expenditure and over expenditure.

Centre 1001 – Minister’s Office

CTA Vehicle Charges: *Due to the lockdown restrictions which saw restricted travel following the COVID 19 pandemic, funds under this item initially budgeted for the fourth quarter could not be fully utilized when the pandemic broke out hence, the under expenditure recorded.*

Travel, Transport and communication: *External travel was suspended by the Cabinet due to the COVID 19 pandemic that broke out in the last month of the financial year and hence the funds could not be utilised before the financial year end.*

Centre 1201- Administration

CTA Vehicle Charges: *Due to the lockdown restrictions which saw restricted travel following the COVID 19 pandemic, funds under this item initially budgeted for the fourth quarter could not be fully utilized when the pandemic broke out hence, the under expenditure recorded.*

Personnel Costs: *The Ministry has a lot of vacant post which are usually budgeted for every year in anticipation that they will be filled during the course of the year. These posts could not be filled due to the Circular pronouncing a hiring freeze by the Ministry of Public Service, which meant no recruitment of new officers and promotions within Ministries.*

Travel, Transport and Communication: *Travel, Transport and communication: External travel was suspended by the Cabinet due to the COVID 19 pandemic that broke out in the last month of the financial year and hence the funds could not be utilised before the financial year end.*

Professional and Special Services: *Funds that were budgeted for the World Bank shares were not utilized because the World Bank did not issue an invoice for payment of shares. An under expenditure was then recorded.*

Consumable Materials and Supplies: *The Ministry had anticipated that the rehabilitation of the Principal Secretary’s office would be completed and payment made, unfortunately the contractor could not deliver on time until the financial year was closed.*

Durable Materials and Equipment: *The Ministry had anticipated that the rehabilitation of the Principal Secretary’s office would be completed and payment made, unfortunately the contractor could not deliver on time until the financial year closed.*

Central Transfers

Centre 10- Grants and Subsidies Internal: *These were funds budgeted for pension contributions in the year under review in line with the establishment and compensation of employees.*

The response of the Controlling Officer is appreciated.

HEAD 35: TREASURY AND STORES

34. Audit of Consolidated Financial Statements for the Year Ended 31st March 2020

I have audited the Consolidated Financial Statements for the year ended 31st March 2020 and communicated my audit findings to the Accountant General, Principal Secretary – Ministry of Finance, and relevant Controlling Officers. I have evaluated all responses received and the following audit queries remain reportable.

34.1. Audit of Detailed Statement of Assets as at 31st March 2020

An audit of the Detailed Statement of Assets revealed misstatements of bank balances of **E91,011,095.56** and unjustified overdrawn balances amounting to **E1,402,747,490.63**, as at 31st March 2020.

34.1.1. Misstatements of Bank Balances

Bank balances were misstated by **E91,011,095.56** due to non-reconciliation of the cash books with bank statements and undisclosed bank balances, as at 31st March 2020. Thus, reflecting an incorrect cash position of the Government of the Kingdom of Eswatini at year end.

Certain bank balances were overstated by **E68,889,471.25** and while other bank balances were understated by **E15,620,087.57**, in aggregate. Also there were undisclosed bank balances amounting to **E6,501,536.74**, as at 31st March 2020.

The breakdown of the misstatements of bank balances is outlined below.

(i) Overstated Bank Balances

The bank balances were overstated by **E68,889,471.25** in aggregate. When comparing balances in Financial Statements against balances in Bank Statements, I noted that some bank balances were overstated by **E66,559,718.80** as at 31st March 2020. I also noted that the SADC Trade Related Facility Project bank balance was overstated by **E2,329,752.45**. The Cash Book reflected a balance of E11,266,057.08 yet the Financial Statements depicted a balance of E13,595,809.53, as at 31st March 2020.

The details of the overstated bank balances are depicted in the table below.

Account Number (Cash book)	Description	Bank Account number	Amount per Financial Statements	Bank Statement Amount (E)	Overstatement (E)
50101	General Account	100016206501	14,382,462.29	5,000,000.00	9,382,462.29
50114	MOF Disbursements General Account	100016206503	14,585,224.20	585,224.20	14,000,000.00
52102	Guardians Fund Investment	100016207016	214,535,575.67	179,233,064.36	35,302,511.31
52103	Fairview Township Fund	77019106513	80,144.58	78,713.21	1,431.37
52116	Ngwane Park Township	77019106610	208,757.47	203,991.46	4,766.01
52193	Incarcerated Juvenile Account Investment	100016206556	4,469,576.14	0.00	4,469,576.14
52235	Health HIV / AIDS & TB Component 3 Account (USD)	100016211224	1,037,898.25	903,942.57 US\$ 50,712.35 x 17.8249	133,955.68
52256	Swaziland Local Government Project Dollar Account	100016211223	6,011,670.30	5,950,776.73 US\$ 333,846.29 x 17.8249	60,893.57
52276	Electronic Document and Record Management System Dollar	100016211241	5,733.12	5,672.24 US\$318.22 x 17.8249	60.88
52333	Regional Integration Implementation Support Program	100016207039	3,204,061.55	0.00	3,204,061.55
Sub-total					66,559,718.8
Account number	Description	Bank Account Number	Amount per Financial Statements (E)	Cash Book Amount (E)	Overstatement (E)
52268	SADC Trade Related Facility Project	100016211246	13,595,809.53	11,266,057.08	2,329,752.45
Total Overstated Bank Balances					68,889,471.25

(ii) Understated Bank Balance

When comparing the amounts reflected in Financial Statements against the amounts reflected in Bank Statements, as at 31st March 2020, I observed that certain bank balances were understated by **E15,620,087.57** in aggregate, as illustrated in the table below.

Account number (Cash book)	Description	Account Number	Financial Statements Amount (E)	Bank Statement Amount (E)	Understatement (E)
52268	Swaziland Government Trade Related Facility	100016211246	13,595,809.53 Cash Book 11,266,057.08	13,602,347.14 (EUR695,491.19 x 19.5579)	6,537.61
52126	Chinese Grant Investments	100016206592	47,832,381.48	63,443,328.56	15,610,947.08
52322	Swd Govt Manzini - Mbadlane Loan Account	100016211231	665,525.26	666,010.99 (US\$37,364.08 x 17.8249)	485.73
52323	Swd Govt Manzini - Mbadlane Grant Account	100016211233	2,900,803.64	2,902,920.79 US\$162,857.62 x 17.8249)	2,117.15
Total Understated Bank Balance					15,620,087.57

(iii) Undisclosed Bank Balances

Bank balances amounting to **E6,501,536.74** were not disclosed in the Detailed Statement of Assets. This resulted to understatement of bank balances (assets). The undisclosed bank balances comprise the Salaries Account, the Ministry of Health and Social Welfare Investment Account, the Eswatini College of Technology's Standard Bank Account, and the Eswatini College of Technology Upskilling Bank Account held at Eswatini Central Bank, as illustrated in the table below.

Account number (Cash Book)	Description	Account number	Bank Statement Amount (E)
50102	Salaries Account	100016206502	100,038.33
52194	Ministry of Health and Social Welfare Investment	100016206558	4,469,576.14
	Eswatini College of Technology's Standard Bank Account	9110004140144	200,062.72
	Eswatini College of Technology's Upskilling Bank Account held at Eswatini Central Bank	100016207067	1,731,859.55
Total Undisclosed Bank Balances			6,501,536.74

In response referenced A2/20192020/22, dated 5th February 2021, the Accountant General stated that the reconciliation of all bank accounts was ongoing and this was evidenced by a decrease of misstated bank balances over the years.

He submitted that the overstated bank balances (including the SADC Trade Related Facility Project) will be reconciled up to the latter in the financial year ended 31st March 2021. He stated that the understated bank balance of the Chinese Investment Account

was also being reconciled.

With regard to the undisclosed bank balances, the Accountant General submitted that: the Salaries Account has a credit (overdrawn) balance in the cash book and as result it was disclosed under liabilities; the Ministry of Health and Social Welfare Investment Account bank balance of E4,469,576.14 was omitted by error; and the Eswatini College of Technology Account at Standard Bank was not disclosed because the Office of the Accountant General was not aware of it, but now the Ministry of Education and Training has approached the Accountant General and pledged to correct the anomaly in the future.

The effort and progress made with regards to the reconciliation of the bank accounts is noticeable and appreciated. However, the Accountant General should ensure that all accounts are reconciled promptly to avoid recurring of misstatements of bank balances, which distort the financial (cash) position of the Government.

With regard to the understated bank balances, the Accountant General did not provide responses about the other understated bank balances, being Swaziland Government Trade Related Facility Account, Swaziland Government Manzini – Mbadlane Loan Account, and Swaziland Government Manzini – Mbadlane Grant Account.

Also, with regard to the undisclosed bank balances, the Accountant General did not provide responses about the undisclosed bank balance of E1,731,859.55 for the Eswatini College of Technology’s Upskilling Bank Account (number 100016207067) held at Central Bank of Eswatini.

34.1.2. Classification of Overdrawn Balances as Realisable Assets

Overdrawn balances amounting to **E1,402,747,490.63** were classified as assets, as at 31st March 2020. These consist of the overdrawn balance for the Special Care Medical Aid (Phalala) Fund of E1,359,377,101.63, and six Trading Accounts with overdrawn balances amounting to **E43,370,389.29**, classified or treated as assets.

These Accounts have been reflecting the overdrawn balances over a period of five years, and have not been cleared or recovered by the related Ministries. The details of the accounts with overdrawn balances and conclusions reached are depicted in the table below:

Financial Statements	Ministry	Overdrawn Balances (E)	Comments/Conclusions
Special Care Medical Aid (Phalala) Fund – Appendix 32	Health	1,359,377,101.63	Overdrawn balance was as a result of operating 'Below the Line' and unauthorised over expenditures over the years.
Overdrawn Investment Balance - Trading Accounts		43,370,389.29	
Housing and Urban Settlement Account – Appendix 94	Housing	27,782,882.73	This was a loan payable over a period of 10 years and first repayment was due in 2013. No repayment has been, and the revenue (in the form of infrastructure funds) from selling of plots was not paid to Government by the Eswatini National Housing Board as per the agreement entered on 25 th November 2008.
Swaziland International Trade Fair Account – Appendix 89	Commerce, Industry and Trade	App. 89=7,158,438.98 App.2 = <u>7,150,966.98</u> 7,472.00 Understated balance amount	Overdrawn balance was not cleared over a period of 10 years, after the programme was officially transferred to Eswatini Investment Promotion Authority through a Cabinet decision contained in CM27797 of 17 th May 2011.
Correctional/Prison Poultry Extension – Appendix 91	His Majesty Correctional Services	4,079,847.96	The programme is active, though it continues to incur deficit (loss) that accumulates the overdrawn balance.
Protea Piggs Peak Hotel Account – Appendix 84	Tourism	2,855,000.00	The funds are untraceable due to misplaced records. A write-off has been requested from the Losses Committee.
Poultry Extension Account – Appendix 82	Agriculture	1,037,930.45	<i>Overdrawn (overdraft) balance was caused by a combination of mismanagement and a major disease (salmonellosis) outbreak which resulted in the escalation of costs as a result of losses incurred. A write-off has been requested from the Losses Committee.</i>
Health Sector Study – Appendix 88	Health	456,289.17	Ministry is reluctant to clear the overdrawn balance or to apply for a write-off from the Losses Committee, since September 2016.
Total Overdrawn Investment Balance		1,402,747,490.63	

Furthermore, the overdrawn balance of Special Care Medical Aid Fund (Phalala-Account 62101) was disclosed as E1,359,309,592.58 under the category of Special Funds in the Detailed Statement of Assets; reflecting an understated amount of E67,509.05. The closing balance in the Special Care Medical Aid Fund Statement does not agree with the balance in the Detailed Statement of Assets. Also, the Swaziland International Trade Fair Account balance was understated by E7,472.00 in the Detailed Statement of Assets as at 31st March 2020.

Classifying overdrawn balances as realisable assets, distorts the financial position. Since there is neither expectation of any future economic benefits expected to flow into the

government from these balances, nor obligation to the government to pay any of these balances to another entity, except for the Housing and Urban Settlement Account balance.

The total value of assets does not represent assets available to deliver government services or generate government revenue. Therefore, the Consolidated Statement of Assets and Liabilities as at 31st March 2020, does not present the true and view of the financial position of assets and liabilities, in conformity with generally accepted accounting principles' (GAAP).

In response referenced A2/2019/2020/22, dated 5th February 2021, the Accountant General concurred with observations. The Special Care Medical Aid (Phalala) Fund balance of E1,359,377,101.63 was a non-realisable value, which will never be recovered by Government. He explained that the overdrawn special fund accounts are not investments but ordinary 'below the line' accounts. He stated that it was true that Phalala (Special Medical) Fund started its operation as a Special Fund, however, the operation of the Fund had great difficulty due to insufficient funds; it ended up operating as a 'Below the Line' Account and incurred unauthorised over expenditures over the past fiscal years.

The other accounts in question are trading accounts which can either be an asset if overdrawn (debit) or a liability if it has a credit balance. Trading accounts are created to trade commercially, so they have their own income and expenses and in normal cases they should make a profit or at least breakeven, but they are sometimes allowed to withdraw from the consolidated fund to finance especially their initial operations, this is treated as an overdraft which have to be repaid in good times. Therefore, the above are correctly classified as assets.

The Accountant General has advised Ministries to apply for write-off for all those Trading Accounts which are no longer operating, and the relevant Controlling Officers responded as follows:

Ministry of Commerce, Industry and Trade – Swaziland International Trade Fair

Account: *In a response referenced MCIT/RQID/20/11/60, dated 31st December 2020, the Ministry of Commerce, Industry and Trade stated that a request to write-off the overdrawn investment balance has been submitted to the Losses Committee, citing that the running and management of this programme was officially transferred to Eswatini Investment Promotion Authority through a Cabinet decision contained in CM27797 of 17th May 2011.*

Ministry of Housing and Urban Development – Housing and Urban Settlement
Account: *In response the Ministry stated that the Programme (Nkhanini Township*

Development) was completed a long time ago (2009) and handed-over to the Eswatini National Housing Board to sell the plots and remit the infrastructure funds to Government. The entity, was given a ten (10) year period to pay back the money, a period elapsing in March 2023. The entity is still within the agreed timeframe as per an agreement entered into, in a letter dated 25th November 2008 and confirmed in letter dated 16 June 2011, which states that the land (Nkhanini Farm) was a grant to the Parastatal from Government and the entity was expected to compensate Government for the infrastructure costs amounting to E24,800,000.00, payable over a period of 10 years commencing in March 2012, and the first payment into the Trading Account was expected between March 2012 to March 2013.

Ministry of Tourism – Protea Piggs Peak Hotel Account: *According to the Ministry, in a memorandum referenced TEA 3/1/101, dated 14th December 2020, the said funds dates back to 1986 and they are untraceable. The Accountant General had advised the Ministry to facilitate writing off of the funds by the Losses Committee.*

Ministry of Agriculture – Poultry Extension Account: *In a response referenced V60, dated 27th November 2020, the Ministry stated that the programme collapsed, and ceased operating in 1993/1994 financial year. The overdrawn (overdraft) balance was caused by a combination of mismanagement and a major disease (salmonellosis) outbreak which resulted in the escalation of costs. There was mismanagement and abuse of the Order Book by the Project Manager; the hatchery also was targeted by armed robbers since it was collecting cash; compensation to farmers for deaths of day old chicks bought; remaining stock sold at give-away prices and for credit which was not fully honoured; and paying for legal obligations such as utilities, wages and terminal benefits to the twenty (20) labourers from the trading account. As such, the allowable debt balance of E200,000.00 was not deliberately increased but the overdraft was unavoidable as a result of losses incurred. The closure was duly communicated to Cabinet; however, no Cabinet approval was requested to close the trading account. Options for reopening and managing the Hatchery were explored but were not successful, and requests for budget to refinance and revive the hatchery programme remained unsuccessful.*

Ministry of Health – Health Sector Study Account: *The programme was closed long time ago and the trading account is inactive and the overdrawn balance of E456,289.17 has been not cleared, against surplus or savings earned, over a period of five years. The Accountant General had advised the Ministry to request for a write-off from the Losses Committee, through a memorandum dated 5th September 2016, referenced TR/15/16/FIN STAT.*

The Accountant General is advised to ensure that all overdrawn (overdraft) balances are recovered promptly and monitor the operations of trading accounts and advised the Controlling Officers accordingly. Also, he should ensure that records are properly maintained.

35. Undisclosed or Unreported Outstanding Debts for Special Care Medical Aid (Phalala) Fund

I observed that the outstanding debts and/or unpaid invoices (bills) from the service providers for the Special Care Medical Aid (Phalala) Fund were not disclosed or reported in the Financial Statements. As such the debts inventory was not brought into the books of accounts.

To ascertain the authenticity of the debts, I requested a breakdown of outstanding debts and unpaid invoices from the service providers, Invoice Registers and Service Providers' Ledger Accounts, however I was not provided with the information relating to the outstanding debts. In the past, I reported double payments due to duplication of invoices by the service providers from South Africa, and had also requested a justification for 'value for money' in the engagement of Health-Shell Agent.

There is a risk that the total outstanding debts or unpaid invoices remain uncertain and unreported by the Principal Secretary – Ministry of Health and the Accountant General.

I advised the Ministry and the Accountant General that all outstanding debts should be disclosed in the Financial Statements as at year end, to reflect the true and fair view of the position of the liabilities (arrears) of Government. Further, in an effort to sustain funding of the Healthcare Medical Aid programme, the Ministry of Health, Finance and Accountant General should consider the establishment of Compulsory Contributory Special Healthcare Medical Aid Fund by all Civil Servants (public officers).

In a response referenced MH/208A, dated 15th December 2020, the Controlling Officer stated that the Ministry take note of the advice to disclose all outstanding debts as at year end to reflect a true position of arrears. With regards to the establishment of a Compulsory Contributory Special Healthcare Medical Aid Fund by public officers, he stated they will engage the Ministry of Finance, Accountant General and relevant stakeholders.

In a response referenced A2/2019/2020/22, dated 5th February 2021, the Accountant General stated that the unreported debts of Phalala Fund were noted, but they are working on clearing all debts of Phalala whilst winding up the account.

Both responses are appreciated; however, they are unsatisfactory, since the outstanding debts remain unknown and undisclosed in the financial statements. I am not convinced why the outstanding debts were not reported and were not availed for audit to the Office of the Auditor General. There is high risk of double payments and/or paying for bills/invoices of services not rendered. Hence, I recommend that outstanding arrears are authenticated by

the Director of Internal Audit before they are paid, to avoid misappropriation of public funds through errors and/or fraud.

36. Audit of Detailed Statement of Liabilities

An audit of the Detailed Statement of Liabilities as at 31st March 2020, revealed that balances of the liabilities were misstated due to non-reconciliation of accounts, incomplete updates and misclassification of accounts balances.

36.1. Misstatements of Liabilities Balances

36.1.1. Negative Liability Balance – Consolidated Fund Account

I observed that the Consolidated Fund (General Reserve) Account depicted a negative liability balance of E13,464,669,283.85, in the Consolidated Statement of Assets and Liabilities as at 31st March 2020. The General Reserve balance was reported as a negative balance, thus offsetting balances in the both the Detailed Statement of Liabilities and the Consolidated Statement of Assets and Liabilities.

The Accounting Equation which applies the dual aspect principle of accounting, states that total assets are always equal to the sum of capital funds and liabilities. Hence presenting the Consolidated Fund as a negative amount does not correctly reflect the accounting relationship between assets, capital funds and liabilities.

The negative liability balance is an unusual balance in the accounts (financial Statements). Hence, it indicates that the Consolidated Fund Account was materially misstated and both consolidated assets and liabilities are affected by this material misstatement. In accounting, there is no negative balance of liability; all assets and liabilities are recognised and disclosed based on whether they meet the definition and recognition criteria of either assets or liabilities.

In the previous financial year ended 31st March 2019, the same misstatement of negative liability balance of E11,405,854,946.62 was also noted. Hence it has increased by E2,058,814,337.23 to E13,464,669,283.85.

In his response referenced 022/001/AR dated 18th December 2020, the Accountant General acknowledged my observation of negative liability balance of E13,464,669,283.85. He explained that this amount shows the net worth of Government which can either be negative or positive, depending on the entity's ability to sustain itself.

Since Government is still complying with the Generally Accepted Accounting Practice, the consolidated fund was rightly placed and disclosed. In fact, Government Financial Statistics (GFS) 1986 gives a guide that balance sheet is organised around the equilibrium between its total assets and liabilities plus net worth, of which, the net worth can be a surplus or deficit.

He further stated that this balance may indicate materiality if a new reporting framework which is in compliance with the relevant GFS applied. As at 31st March 2019, the consolidated balance was E11,405,854,946.62 and in the reporting period it has accumulated due to the cash flows for the year.

While in his response referenced A2/2019/2020/22, dated 5th February 2021, the Accountant General stated that the negative liability balance of E13,464,669,283.85 is the accumulated deficit of Government for the past years, which was caused by Expenditure being more than the Revenue collected over the years.

The response is appreciated; however, the response is unsatisfactory, since it does not provide the accounting principle applied and the financial position of the government with regards to the negative liability balance, and/or the meaning of consolidated fund (General Reserve) Account having a negative liability balance, while the General Reserve Bank Account held at Central Bank of Eswatini shows a positive balance.

36.1.2. Misclassification of Liabilities

In my memo referenced A2/19/20/03, dated 11th November 2020, I communicated that the audit of the Detailed Statement of Liabilities revealed that transactions (balances) amounting to **E3,081,789,670.61** were recorded (disclosed) as liabilities whereas these transactions did not satisfy the definition criteria of a liability. These transactions by their nature are assets and show a future economic benefit; however, there were misclassified as liabilities due to non-reconciliation.

The details of such transactions (balances) are depicted in the table below:

Cashbook	Description	Amount (E)
	Employee Advances	11,926,786.75
51002	Officers Personal Accounts	9,825,010.62
51005	Surcharges	458,854.08
510016	Comprehensive Insurance Loans	155,944.24
51019	Staff Uniform	134,521.63
51030	Study Loan Recovery – Labour & Social Security	1,352,456.18

	Cash Accounts	1,367,069,290.24
50203	Cash in Transit	1,367,069,290.24
	Government Stock	1,355,146,439.67
62501	Reserves held with Eswatini Central Bank	1,118,368,520.15
62502	Government Bond - African Alliance	236,777,919.52
	Ministry and Departmental Advances	16,446,778.77
51135	Treasury Advances	16,446,778.77
	Sundry Investments	331,200,375.18
52115	Eswatini Central Bank Unrealised Gains	313,976,908.28
52134	Government Bond - African Alliance	17,223,466.90
	Total	3,081,789,670.61

Liabilities are present obligations of the entity arising from past events, the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits or service potential.

A **liability** is recognised in the balance sheet when it is probable that an outflow of resources embodying economic benefits will result from the settlement of a present obligation and the amount at which the settlement will take place can be measured reliably.

The misclassification of assets as liabilities constitutes a material misstatement, that affects the financial position, thus misleading the users of the financial statements. Hence, the Accountant General was advised to correct the submitted financial statements, accordingly.

In his response referenced 022/001AQ dated 18th November 2020, the Accountant General stated that the balances on Employee Advances, Cash Accounts, Ministries and Departmental Advances and Sundry Investments are being reconciled given that, the reconciliation was in phase manner. Reconciliation of Government Accounts is cumbersome and cannot be tackled at one time.

While, Government Stock balance qualifies to be classified under liabilities; though needs to be reconciled.

In his further response referenced A2/2019/2020/22, dated 5th February 2021, the

Accountant General stated that the balances making up the E3,081,789,670.00 are still being reconciled. It is true that by their nature the balances are assets but they have credit balances which can distort the balances of assets if included in assets category.

The response was unsatisfactory, since it did not address the anomaly of misclassification of assets and liabilities and the misstatements of balances remains unrectified.

36.1.3. Assets and Liabilities balances same as previous financial year

I noted that the Consolidated Statement of Assets and Liabilities as at 31st March 2020, depicted the same balances as the previous financial year (non-movement in the balances), due to non-reconciliation of assets and liabilities accounts. The following table depicts the stagnant balances over a period of two years.

Assets	FY 2019	FY 2020
Other Advances	13,398.75	13,398.75
Capital Funds Specified	28,353,197.96	28,353,197.96
Customs	50,355.52	50,355.52
Liabilities		
Capital Fund Other	48,473,876.63	48,473,876.63
Special Fund Cont.	287,612,558.17	287,612,558.17
Other Advances	6,750,000.00	6,750,000.00
Sundry Investments	331,200,375.18	331,200,375.18
Other Investments	7,998,720.67	7,998,720.67

In his response, the Accountant General acknowledged my observation and explained that they had previously mentioned that these amounts are under reconciliation and cannot be tackled all at once since some of the balances are dating back and the accounts that needs to be reconciled are voluminous. The balance on 'Capital Fund – Other' was E48,363,479.24, Special Fund – Continued was E72,192,914.20 and Other Investments was E7,836,848.58; thus there were not similar to the previous reported balances.

The balances which I am referring to were extracted from the Consolidated Statement of Assets and Liabilities as at 31st March 2020 submitted for audit. Most the assets and liabilities accounts remains unreconciled by the Accountant General, for the past years; hence, the financial position of the Government was not fairly presented.

36.1.4. Same Description of Accounts with various Balances

I noted that there are similar descriptions of accounts of assets and liabilities with various balances, and the accounts were appearing twice in the Consolidated Statement of Assets and Liabilities as at 31st March 2020. The breakdown of the accounts with various balances appeared twice in the Financial Statements as depicted in the table below:

Assets	FY 2020
Other Investments	2,808,587,383.93
Other Investments	610,086,263.15
Capital Funds Specified	59,803,696.35
Capital Funds Specified	28,353,197.96
Special Funds	1,410,815,826.56
Special Funds continued	50,335.52
Special Funds continued	418,298.39
Liabilities	
Capital Funds Specified	48,473,876.63
Capital Funds Specified	7,093,082,532.50
Special Fund	1,970,548,729.99
Special Fund	287,612,558.17
Special Fund continued	91,744,901.54

This presentation does not provide a fair view of the financial position and it is likely to distort decision-making on the Financial Statements.

In his response, the Accountant General stated that these activities are appearing twice in the statement since they are categorised as per their chart of accounts. On another note, the reason that they both appear in assets and liabilities was a good advice from the Auditor General in a Memorandum referenced A2/2016/2017/59, dated 19th December 2017 was raised for the Accountant General to comply.

The memorandum cited from the Office of the Auditor General did not advise the Accountant General to show same descriptions of accounts of assets and liabilities with various balances. It was an audit query on “offsetting assets and liabilities”. The Detailed Statement of Assets depicted debit and credit balances under assets, which resulted to offsetting assets and liabilities. The credit balances are no longer assets, instead they are liabilities. It is disquieting to note that over the years, the Accountant General continues to misclassify assets and liabilities and citing the issue of non-reconciliation. Therefore, the assets and liabilities balances do not depict the true and fair

view of the financial position of the Government.

37. Audit of Statement of Contingent Liabilities

An audit of the Statement of Contingent Liabilities as at 31st March 2020 was conducted and the following findings were communicated to the Accountant General and Principal Secretary for the Ministry of Finance. The Accountant General responded through an undated memorandum which was received by my Office on 29th January 2021.

37.1. Unconfirmed Contingent Liabilities

Reported contingent liabilities totaling to **E826,179,342.84** could not be ascertained because confirmations from guaranteed agencies were not availed for audit purposes. As a result, I was unable to confirm the existence and accuracy of the reported liability amounts as depicted in the table below:

Contingent Liability	Amount (E)			
	2019/2020	2018/2019	2017/2018	2016/2017
Standard Bank	33,482,146.00	33,482,146.00	33,482,146.00	33,482,146.00
Eswatini Electricity Company guaranteed with Eswatini Bank	48,407,360.55	48,407,360.55	0	0
Swaziland National Housing Board Government Guaranteed Loans with SNPF	111,241,548.10	111,241,548.10	0	97,023,277.07
Swaziland National Housing Board Government Guaranteed Loans with PSPF	633,048,269.29	633,048,269.29	0	353,699,946.47
Swaziland National Housing Board Government Guaranteed Loans with SNPF and PSPF	0	0	674,876,575.82	0
Total	826,179,333.84	826,179,323.94	708,358,721.82	450,756,705.686

Further notable, was that the reported amounts unjustifiably remained stagnant for consecutive years.

Non-provision of the supporting documentation for audit purposes was in breach of Section 10 (1) (a) of the Audit Act of 2005 which grants me absolute access on request to all records, books, vouchers and documents in the possession or under the control of audited entities.

In his response, the Controlling Officer (Accountant General) responded by stating that the Treasury Department forwarded a memorandum to the Ministry of Finance for the confirmations but up to the reporting date the documents had not been received, thus 2018/2019 balances were inserted.

I appreciated the Accountant General's effort to obtain confirmations from the Ministry of Finance but my concern is that the Accountant General should not have recognised those amounts which are purported to be Contingent Liabilities, without prior confirmation of their exactness from the Ministry of Finance, unless there are indeed Contingent Liabilities. This may lead to inaccurate reporting and hence mislead the various users of the reported financial information.

Although these are not liabilities, it is very concerning that the unconfirmed balances were intentionally reported based on previous year's figures, and this is an unacceptable accounting practice.

According to section 107 (3) (m) under Part VIII of the Public Finance Management Act of 2017, a public office and public officer, or other person with responsibility for Government resources commits an offence of financial misconduct if, without lawful authority under this Act or other lawful authority, that person wilfully or negligently fails to keep proper records or conceals or wrongfully destroys information that is required to be recorded by this Act, Regulations or instructions.

37.2. Non-availability of Instruments Authorising Guarantees

Instruments authorising government guarantees amounting to **E3,855,240,385.44** as reported in the Statement of Contingent Liabilities were not availed for audit purposes. As a result, I was not able to ascertain compliance with Section 76 of the Public Finance Management Act which requires that;

- the guarantees comply with the fiscal responsibility principles and the fiscal objectives and policies in the Fiscal Framework Paper.
- the guarantees are formally given in line with the Public Finance Management Act and approved by Parliament.
- the debt be repaid over such period of time, and on such terms and conditions, as specified.

Non-provision of the supporting documentation for audit purposes was in breach of Section 10 (1) (a) of the Audit Act of 2005 which grants my office absolute access on request to all records, books, vouchers and documents in the possession or under the control of audited entities.

It should also be noted that the issuance of guarantees without lawful authority is regarded as financial misconduct in section 107 (3) (f), under Part VIII of the Public Finance Management Act of 2017.

In his response, the Controlling Officer (Accountant General) explained that the Treasury Department forwarded a memorandum to the Ministry of Finance for the confirmations but up to the reporting date the documents had not been received.

37.3. Understatement of Swaziland Development and Savings Bank Deposits Guaranteed Balance

An examination of a confirmation letter dated 2nd June 2020 from the Eswatini Bank to the Honourable Minister for Finance revealed that the reported balance for Swaziland Development and Savings Bank Deposits Guaranteed was understated by **E371,690,263.00**. The confirmed balance, as per the letter, was E1,194,858,869 yet the reported balance as per the Statement of Contingent Liabilities was E823,168,606.00, hence the noted understatement, as illustrated in the table below.

Information as per Bank Confirmation			Information Reported in Financial Statement		
Deposits in terms of Section 32 of Eswatini Bank Order 1973 (E)	Less liquid Fund of the Bank (E)	Balance (E)	Guaranteed Deposits in terms of law Number 4 of 1973 (E)	Less liquid funds of the bank (E)	Balance (E)
1,820,187,536	625,328,967	1,194,858,869	1,721,003,135.00	897,834,529.00	823,168,606.00

The reporting of inaccurate information may negatively impact decision making by various users of the financial statements.

In his response, the Controlling Officer maintained that the balance of E823,168,606.00 was captured as per the bank confirmation.

The Controlling Officer did not provide the confirmation supporting the assertion made in the response.

38. Audit of Empowerment Fund

An audit of Statement of Empowerment Fund (Appendix 33) for the financial year ended 31st March 2020 was conducted and I communicated the following audit finding to the Accountant General through memoranda referenced A2/19/20/4, dated 29th October 2020 and A2/2019/2020/21, dated 30th December 2020.

38.1. Non-reversal of Incomplete Transfer of funds to Empowerment Fund

I observed that there was non-reversal of incomplete transfers of subvention funds amounting to E3,097,500.00 in respect of the third and fourth quarter subvention budgets, that were eventually not effected into the bank account of the Empowerment Fund. These payment transfers were recognized as expenditure charged against budget and well captured in the Government Accounting System (AA220), however these funds were omitted (undisclosed) as budget received by the Empowerment Fund and did not appear in the Bank Statements of the Empowerment Fund in the financial year ended 31st March 2020. The budget was utilized as indicated by the Accounting System as funds received by the Empowerment Fund, yet they were not appearing in the Bank Account.

Through a memo referenced TINK 2/4/Vol. 1, dated 17th October 2019, the Ministry requested the Accountant General to transfer the sum of E1,548,750.00 in respect of the third quarter subvention, and the Principal Accountant of the Ministry requested release (transfer) of the funds of E1,548,750.00 in respect of the fourth quarter subvention through a Minute, dated 17th January 2020. Both subventions were processed for payment on time by the Ministry, and authorised and passed for payment by the Accountant General, respectively.

The details of these Subvention transfers showing payment vouchers and cheques used to effect payments for both the transfers, as reflected processed and captured in the Government Accounting System, but were not appearing in the Bank Account (Statements) of the Empowerment Fund, were as follows.

Date Payment	Voucher Number	Cheque Number	Date of the memo from PS to Accountant General	Telegraphic Transfer of Funds	Amount (E)
24 th October	070782	106332	17 th October 2019 - 3 rd Quarter Subvention	02.03.2020 Ref:019/008/Vol.5/432	1,548,750.00
	110041	106331	17 th January 2020 – 4 th Quarter Subvention	02.03.2020 Ref:019/008/VOL.5/433	1,548,750.00

According to the Telegraphic Transfers of Funds provided by the Accountant General, referenced 019/008/Vol.5/432 in respect of the Third Quarter Subvention and 019/008/Vol.5/433 for Fourth Quarter Subvention, dated 2nd March 2020, the Central Bank of Eswatini was instructed to transfer the funds to Tinkhundla Empowerment Fund, Account Number: 100016206542.

The receipts of E3,097,500.00 were not disclosed in the Tinkhundla Empowerment Fund Income and Expenditure Account for the financial year 31st March 2020; however, it was captured in the Government Accounting System as funds transferred to Empowerment Funds in the financial year under-review. The discrepancy remained undetected, due to non-reconciliation.

According to Section 0203(x) of the Financial and Accounting Instructions of 1970, the Accounting Officer should see that all books of accounts are correctly posted and kept up-to-date. Furthermore, according to Section 2(5.2(1)) of the Financial Management and Accounting Procedures Manual, the General accounts should be reconciled daily. Section 2(5.4(1) further clarifies that the procedure for reconciling other accounts should conform in principle to that of the general account.

In his response referenced 33/2019/2020, dated 10th November 2020, the Accountant General acknowledged that the Ministry of Tinkhundla Administration and Development budget was charged an amount of E6,195,000.00 under the Empowerment Fund local grant for the financial year 2019/2020. The amount of E3,097,500.00 was recorded in the Government Arrears held with Treasury during the year under review, due to the Government cash flow challenges. Further, in response referenced 33/2019/2020, dated 13th November 2020, the Accountant General stated that the funds of E3,097,500.00 has been transferred to the Tinkhundla Empowerment Fund Account and provided telegraphic transfer of funds for the Third and Fourth Quarter Subvention 2019/2020, dated 2nd March 2020.

The response from the Accountant General is appreciated; however, it is unsatisfactory, since it does not address the non-reversal of incomplete transfers of subvention funds, and entries recorded in the cash book.

39. Audit of Statement of Strategic Oil Reserve Fund

An audit of the Financial Statement of Strategic Oil Reserve Fund (Appendix 29) for the year ended 31st March 2020 was conducted and the following audit query was communicated to the Controlling Officer through a correspondence referenced N19 Vol.IX/20 dated 8th February 2021.

39.1. Capital Expenditure Not Charged Against Budget – Project No F02086 Ethanol Blending

I noted that capital expenditure of E1,070,000.000 was recorded in the Cashbook and Strategic Oil Reserves Fund Financial Statement in the financial year ended 31st March 2020, whilst it was incurred and budgeted in the financial year ended 31st March 2019. The capital expenditure was not charged against appropriated (released) budget which was provided for in the financial year 2019, and there was no budget provision in the financial year ended 31st March 2020. This capital expenditure was for the procurement of ethanol blending designs for the blending facility and training of the emission testers of project F02086 at Phuzumoya.

In the financial year ended 31st March 2019, the capital expenditure was incurred and recorded in the Accounting System in month 11 through Batch 037, voucher number 110056, and then reversed in month 13 through Batch 021, voucher 130092. As a result, there was no expenditure against the released budget of E1,070,000.00, thus depicted a non-utilisation of project funds, as depicted in the Government Accounting System and illustrated in the table below.

Project Name	Funds Released (E)	Actual Expenditure (E)	Non-utilisation of Project Funds (E)	Variance %
Ethanol Blending	1,070,000.00	0	1,070,000.00	100

According to the bank statements, the project funds were actually transferred from the Strategic Oil Reserve Fund Account to the Eswatini National Petroleum Company's Bank Account, on 13th June 2019, which was for the financial year ended 31st March 2020.

Financial and Accounting Instruction 0108 states that "the authority for expenditure, deriving from an Appropriation Act, lapses at the end of the financial year to which it relates". Further, Financial and Accounting Instruction 0410 states that "it is necessary to keep a close control on all commitments, and enquiries should be made if a commitment does not become actual expenditure within a reasonable time", that is month 13.

The expenditure remains un-charged against the budget provision, hence the management (budget) account will continue to show non-utilisation of project funds, thus

distorting the budget account. This was caused by non-reconciliation and non-compliance with the Financial and Accounting Instructions and Public Finance Management Act (2017).

I advised that the Controlling Officer should adhere to the Financial and Accounting Instructions cited above, and perform monthly reconciliations of all accounts. The Controlling Officer should also provide an explanation of how such an anomaly occurred, and state possible remedial action to avoid such occurrence in the future.

In her response referenced NRF/ACC 8, dated 17th February 2021, the Controlling Officer stated that the payment was done through batch 037, voucher No. 110056 and when effecting payment on the Strategic Account, the General Account was also automatically charged. The double charge was reversed in month 13, through batch 021, voucher number 130092; however, this entry erroneously reversed the funds to the project account. Thus, showing the non-utilisation of project funds.

She pledged to correct the anomaly through reversal transaction (JV). She further explained that to avoid the double charge happening again, they have agreed with the Accountant General that all transactions that source from the Strategic Reserve Account will go through the General Account first and then be reimbursed from the Strategic Oil Reserve Fund.

The response of the Controlling is appreciated. However, I am not in agreement with the proposed arrangement, since it will result to commingling of funds and misappropriation of the Strategic Oil Reserve funds.

40. Audit of Electronic Documents and Records Management System

An audit of the Financial Statements of the Electronic Documents and Records Management System Programme (Appendix 54) for the year ended 31st March 2020 was conducted and the following audit queries were communicated to the Ministry and the Accountant General through correspondences referenced A2/2019/2020/22, dated 31st December 2020 and A2/2019/2020/55, dated 8th February 2021.

40.1. Unreported Transactions and Non-submission of Financial Statements for Audit – Special Fund Accounts

I noted that the project of “Development and Implementation of an Electronic Document and Records Management System” had two Special Fund Accounts (Bank Accounts, being Lilangeni Account and Dollar Account), and the transactions of the two special accounts were not disclosed and their financial statements had not been prepared and/or submitted for audit since inception.

According to the memo referenced SNA 8/1, dated 21st June 2016, the project started in the financial year 2016/2017 with an authority to open two special accounts for project G55770. The purpose of the Dollar Account was to pay professional fees for the consultants and other operational expenses for the implementation of the project, while the purpose of the Lilangeni Account was to pay the expenses for setting-up the EDRMS Project Management Office, including the purchasing of a vehicle and office equipment.

In the current financial year ended 31st March 2020, the Financial Statements were submitted as if it was a new project, whilst there is evidence that the Lilangeni Account had an opening balance of E1,079,474.15, which clearly indicates that there were transactions that occurred in the previous financial years but were not disclosed and submitted to my Office, for audit. The submitted Financial Statements only covered the Lilangeni Account, and excluded the Dollar Account.

The Lilangeni Account number 100016207045, which denoted Investment Account Code 52248 and project number G55770, was captured in the Government Accounting System since the financial year ended 31st March 2018. However, the Accountant General did not prepare the financial statements from the inception of the project until the financial year ended 31st March 2020.

The breakdown of transactions recorded in the Government Accounting System since the financial years ended 31st March 2018 to 31st March 2019, are depicted in the following table.

Financial Year Ended 31st March 2018							
Receipts							
SRC	PR	BNO	VR. NO	Date	Item	Amount (E)	Details
335	13	867	132566	20180919	52248	16.57	Bank Interest per Bank Statement
335	13	867	132565	20180919	52248	54,254.21	Deposit Paid per Bank Statement
335	13	867	132567	20180919	52248	1,476,318.58	Reversal and Correction
Total Receipts – 2018						1,530,589.36	
Payments							

335	13	866	132563	20180919	52248	60,253.00	Payment per Bank Statement
335	13	866	132564	20180919	52248	50.00	Bank Charges per Bank Statement
335	13	867	132568	20180919	52248	502,687.50	Reversal and Correction
335	13	867	132568	20180919	52248	502,687.50	Reversal and Correction
335	13	867	132568	20180919	52248	441,784.27	Reversal and Correction
335	13	867	132568	20180919	52248	5,000.00	Reversal and Correction
335	13	867	132568	20180919	52248	595.00	Reversal and Correction
Total Payments – 2018						1,513,057.27	
Closing Balance as at 31st March 2018						17,532.09	
Receipts – 2019							
SRC	PR	BN#	VR. NO	Date	Item	Amount E	Details
335	12	678	12999999	20190715	52248	17,532.09	2017/2018 Balance B/F
Opening Balance – 2019						17,532.09	
335	13	483	131549	20190610	52248	1,142,744.04	Being Adjustment of JV 130364
335	13	483	131546	20190610	52248	17,532.09	Being Adjustment of JV 120361
335	13	483	131547	20190610	52248	7,980.00	Being Bank Charges and Payment
335	13	483	131547	20190610	52248	50.00	Being Bank Charges and Payment
335	13	483	131547	20190610	52248	50.00	Being Bank Charges and Payment
335	13	483	131547	20190610	52248	50.00	Being Bank Charges and Payment
335	13	483	131547	20190610	52248	50.00	Being Bank Charges and Payment
335	13	483	131547	20190610	52248	50.00	Being Bank Charges and Payment
335	13	483	131547	20190610	52248	50.00	Being Bank Charges and Payment
335	13	483	131547	20190610	52248	50.00	Being Bank Charges and Payment
335	13	483	131547	20190610	52248	50.00	Being Bank Charges and Payment
335	13	482	131544	20190610	52248	50.00	Being Adjustment of JV 130360
335	13	482	131544	20190610	52248	50.00	Being Adjustment of JV 130360
335	13	482	131544	20190610	52248	50.00	Being Adjustment of JV 130360
335	13	482	131544	20190610	52248	50.00	Being Adjustment of JV 130360
335	13	482	131544	20190610	52248	50.00	Being Adjustment of JV 130360
Total Payments – 2019						1,168,906.13	
335	13	482	131543	20190610	52248	50.00	Being Adjustment of JV130360
335	13	483	131546	20190610	52248	17,617.16	Being Adjustment of JV 120361
335	13	482	131545	20190610	52248	1,070,436.99	Being Adjustment of JV 130362
335	13	111	130364	20190523	52248	1,142,744.04	Funds Received for November 2018
Total Receipts – 2019						2,230,848.19	
Closing Balance as at 31st March 2019						1,079,474.15	
Financial Year End 31st March 2020							
SRC	PR	BNO	VR. NO	Date	Item	Amount (E)	Details
335	6	678	06999999	20200123	52248	1,079,474.15	2018 / 2019 Balance B/F

Opening Balance – 2020						1,079,474.15	
335	13	293	131052	20200703	52248	997,996.00	Bank Charges and Payments
335	13	293	131052	20200703	52248	51,643.44	Bank Charges and Payments
335	13	293	131052	20200703	52248	50.00	Bank Charges and Payments
335	13	293	131052	20200703	52248	50.00	Bank Charges and Payments
335	13	293	131052	20200703	52248	50.00	Bank Charges and Payments
335	13	293	131052	20200703	52248	50.00	Bank Charges and Payments
335	13	293	131054	20200703	52248	50.00	Bank Charges and Payments
335	13	293	131052	20200703	52248	50.00	Bank Charges and Payments
335	13	293	131052	20200703	52248	50.00	Bank Charges and Payments
335	13	293	131052	20200703	52248	50.00	Bank Charges and Payments
335	13	293	131054	20200703	52248	50.00	Bank Charges and Payments
335	13	293	131054	20200703	52248	50.00	Bank Charges and Payments
335	13	293	131054	20200703	52248	50.00	Bank Charges and Payments
335	13	293	131054	20200703	52248	50.00	Bank Charges and Payments
Total Payments – 2020						1,050,239.44	
335	13	293	131053	20200703	52248	74.12	Funds Received as per Statement
335	13	293	131051	20200703	52248	368.79	Funds Received as per Statement
Total Receipts – 2020						442.91	
Closing Balance as at 31st March 2020						29,677.62	

The opening bank balance of E1,079,474.15 and closing bank balance of E29,677.62 were correctly disclosed in the Detailed Statement of Assets as at 31st March 2020.

Further, the Dollar Investment Account number 100016211241, which denoted Investment Code 52276 and project number G55770, was captured in the Government Accounting System since the financial year ended 31 March 2017, but the Accountant General did not include transactions of this bank account in the financial statements. The breakdown of transactions recorded in the Government Accounting System since the financial years ended 31st March 2017 to 31st March 2020, are depicted in the table below.

Financial Year End 31st March 2017							
Receipts							
SRC	PR	BN.#	VR. #	Date	Item	Amount (E)	Details
335	13	541	131823	20170828	52276	1,456,420.44	Being Funds Received
335	13	541	131822	20170828	52276	1,476,318.58	Being Funds Received
335	13	783	132942	20170929	52276	461,793.50	Being Reversal JV 131821
335	13	783	132942	20170929	52276	461,793.50	Being Reversal JV 131821
335	13	783	132942	20170929	52276	527,764.00	Being Reversal for JV 131821
Total Receipts – 2017						4,384,090.02	

335	13	783	132943	20170929	52276	1,456,420.44	Being Reversal JV 131823
335	13	541	131821	20170828	52276	527,764.00	Being Bank Charges and Payment
335	13	542	131827	20170829	52276	502,687.50	Being Bank Charges and Payment
335	13	542	131827	20170829	52276	502,687.50	Being Bank Charges and Payment
335	13	541	131821	20170828	52276	461,793.50	Being Bank Charges and Payment
335	13	541	131821	20170828	52276	461,793.50	Being Bank Charges and Payment
335	13	542	131827	20170829	52276	441,784.27	Being Bank Charges and Payment
335	13	542	131827	20170829	52276	5,000.00	Being Bank Charges and Payment
335	13	542	131827	20170829	52276	595.00	Being Bank Charges and Payment
Total Payments – 2017						4,360,525.71	
Closing Balance – 31 March 2017						23,564.31	
Financial Year End 31st March 2018							
SRC	PR	BN.#	VR. #	Date	Item	Amount (E)	Details
335	12	678	12999999	20180622	52276	23,564.31	2016/2017 Balance B/F
Opening Balance – 2018						23,564.31	
Receipts							
335	13	867	132568	20180919	52276	595.00	Reversal and Correction
335	13	867	132568	20180919	52276	5,000.00	Reversal and Correction
335	13	867	132568	20180919	52276	441,784.27	Reversal and Correction
335	13	867	132568	20180919	52276	502,687.50	Reversal and Correction
335	13	867	132568	20180919	52276	502,687.50	Reversal and Correction
335	13	866	132561	20180919	52276	1,456,420.44	Funds Received for December 2016
335	13	866	132560	20180919	52276	2,122,932.02	Funds Received for September and October
Total Receipts – 2018						5,032,106.73	
Payments							
335	12	867	132567	20180919	52276	1,476,318.58	Bank Interest Per Bank Statement
335	13	865	132559	20180919	52276	1,399,380.00	Payment for October & December 2017
335	13	865	132559	20180919	52276	808,800.00	Payment for October & December 2017
335	13	866	132562	20180919	52276	527,764.00	Payment for November 2016, December 2016
335	13	866	132562	20180919	52276	461,793.50	Payment for November 2016, December 2016
335	13	866	132562	20180919	52276	461,793.50	Payment for November 2016, December 2016
Total Payments – 2018						5,135,849.58	
Bank Overdraft Balance as at 31st March 2018						80,178.54	
Financial Year End 31st March 2019							
SRC	PR	BN.#	VR. #	Date	Item	Amount (E)	Details

Receipts							
335	13	482	131544	20190610	52276	50.00	Being Adjustment of JV 130360
335	13	482	131544	20190610	52276	50.00	Being Adjustment of JV 130360
335	13	482	131544	20190610	52276	50.00	Being Adjustment of JV 130360
335	13	482	131544	20190610	52276	50.00	Being Adjustment of JV 130360
335	13	482	131544	20190610	52276	50.00	Being Adjustment of JV 130360
335	13	483	131547	20190610	52276	8,380.00	Being Bank Charges and Payment
335	13	111	130361	20190523	52276	17,617.16	Funds for April, May, June, August, September
335	13	111	130362	20190523	52276	1,070,436.99	Funds Received for November 2018
335	13	483	131549	20190610	52276	1,142,744.05	Being Adjustment of JV 130364
Total Receipts – 2019						2,239,428.20	
Payments							
335	12	678	12999999	20190715	52276	80,178.54	2017/2018 Balance B/F
335	13	482	131545	20190610	52276	1,070,436.99	Being Adjustment of JV 130362
335	13	483	131548	20190610	52276	572,504.00	Being payments for the month October
335	13	483	131546	20190610	52276	17,617.16	Being Adjustment of JV 120361
335	13	111	130363	20190523	52276	7,980.00	Bank Charges & Payments
335	13	111	130360	20190523	52276	50.00	Bank Charges & Payments
335	13	111	130363	20190523	52276	50.00	Bank Charges & Payments
335	13	111	130360	20190523	52276	50.00	Bank Charges & Payments
335	13	111	130363	20190523	52276	50.00	Bank Charges & Payments
335	13	111	130363	20190523	52276	50.00	Bank Charges & Payments
335	13	111	130363	20190523	52276	50.00	Bank Charges & Payments
335	13	111	130363	20190523	52276	50.00	Bank Charges & Payments
335	13	111	130363	20190523	52276	50.00	Bank Charges & Payments
335	13	111	130363	20190523	52276	50.00	Bank Charges & Payments
335	13	111	130363	20190523	52276	50.00	Bank Charges & Payments
335	13	111	130360	20190523	52276	50.00	Bank Charges & Payments
335	13	111	130363	20190523	52276	50.00	Bank Charges & Payments
335	13	111	130363	20190523	52276	50.00	Bank Charges & Payments
335	13	111	130360	20190523	52276	50.00	Bank Charges & Payments
335	13	111	130360	20190523	52276	50.00	Bank Charges & Payments
Total Payments – 2019						1,749,366.69	
Closing Balance as at 31st March 2019						490,061.51	
Financial Year End 31st March 2020							
SRC	PR	BN.#	VR. #	Date	Item	Amount (E)	Details
335	6	678	06999999	20200123	52276	490,061.51	2018/2019 Balance B/F
Opening Balance – 2020						490,061.51	
Receipts							
335	13	381	131354	20200825	52276	129,941.61	Exchange rate difference adjustment

335	13	390	131374	20200827	52276	129,941.61	Exchange rate difference adjustment
335	13	319	131131	20200717	52276	1,736,820.00	Being funds received as per statement
Total Receipts – 2020						1,996,703.22	
335	13	319	131130	20200717	52276	1,792,170.00	Being bank charges & payments
335	13	319	131130	20200717	52276	558,920.00	Being bank charges & payments
335	13	381	131355	20200825	52276	129,941.61	Reversal to voucher 030149
Total Payments – 2020						2,481,031.61	
Closing Balance as at 31st March 2020						5,733.12	

Section 87 (1) of the Public Finance Management Act (2017), requires that 'the Accountant General should within three (3) months of the end of each financial year, prepare and submit Consolidated Annual Accounts to the Auditor General.

According to Section 10 (1)(d) of the Public Finance Management Act (2017), the Accountant General should be responsible for the compilation and management of the accounts of government. Further, Section 10 (1)(b) states that the Accountant General should be responsible for the custody and safety of public money and other resources of government under the control of the Accountant General and the setting of standards and monitoring standards for the custody and safety of money and other resources of government not under the control of the Accountant General.

Failing to submit financial statements for any government programme and to account for public funds, is not only unlawful but it creates room for misappropriation of public funds, unauthorised and fruitless expenditure.

The Accountant General is required by law, to prepare Financial Statements for all public activities and submit them to the Office of the Auditor General. The Accountant General was requested to provide Bank Statements for both the Dollar Account and the Lilangeni Account since their inception, all supporting documents (including the payment instructions used to effect bank transfers), and Project Initiation Document. However, at the time of writing this report, he had not provided this information.

In response referenced 2019/2020 dated 5th February 2021, the Accountant General concurred with my observation and confirmed that the two special accounts for the Project were opened in the financial year 2016/2017.

The Project Dollar Account was first captured in the Government Accounting System in the financial year 2017/2018. However, the Journal Voucher accounting for the Exchange Rate Difference was captured in the year 2019/2020. In contradiction, he also stated that

the Dollar Account was not active in the financial year 2019/2020, hence the non-submission of a financial statement for audit. The Statement was to be submitted in the financial year 2020/2021, if the account is active.

I am not satisfied with the Accountant General's response because there is evidence of receipts and payments of funds which occurred since the financial years ended 31st March 2017 to 31st March 2020 for the Dollar Special Fund Account and the financial year ended 31st March 2018 for the Lilangeni Special Fund Account. The Accountant General and the Ministry did not submit Financial Statements for the Lilangeni Special Fund Account for the years ended 31st March 2018 to 2019, and for the Dollar Special Fund Account for the years ended 31st March 2017 to 2020, for audit.

Besides, there are a number of inactive accounts in the Accountant General's Financial Statements. Further, the Controlling Officer of the Ministry of ICT has not denied receipt, payments and charges on these project funds.

40.2. Undisclosed Capital Expenditure – G55770

I observed that capital expenditure amounting to E2,351,090.00, incurred in the financial year ended 31st March 2020, was not disclosed in the Financial Statements. The Government Accounting System depicted expenditure incurred amounting to E3,400,729.44, whereas the Financial Statements depicted a total expenditure amounting to E1,049,639.44. Thus, the difference was the undisclosed capital expenditure in the Financial Statements, as computed and illustrated in the table below.

Details	Amount (E)
Expenditure Amount showed by Accounting System AA220 - G55770	3,400,729.44
Expenditure amount showed in the Financial Statements	1,049,639.44
Undisclosed Expenditure (Understatement Amount)	2,351,090.00

The breakdown of the undisclosed expenditure is illustrated in the table below.

Month	Batch	Date	Voucher	Description	Amount (E)	Payee
13	247	20200629	130871	04199	1,792,170.00	Payment for Project No.G55770
13	247	20200629	130871	04199	558,920.00	Payment for Project No.G55770
Total					2,351,090.00	

Financial and Accounting Instruction 0303 (vii) requires that "a monthly statement of each bank account will be obtained from the bank and will be reconciled with the relevant

cash book. The statement and a copy of the reconciliation will be forwarded to the Treasury each month". According to Section 10 (1)(d) of the Public Finance Management Act (2017), the Accountant General should be responsible for the compilation and management of the accounts of government. Further, Section 10 (1)(b) states that the Accountant General should be responsible for the custody and safety of public money and other resources of government under the control of the Accountant General and the setting of standards and monitoring standards for the custody and safety of money and other resources of government not under the control of the Accountant General.

The undisclosed capital expenditure has distorted financial performance and information to the users of the Financial Statements. The figure in the financial statement should be corrected to give a true financial position of the project expenditure.

In his last response, the Accountant General stated that the capital expenditure was not disclosed in the Financial Statements is accounted for in the Financial Statement for the Dollar Account 2019/2020 which was not yet submitted for audit.

The capital expenditure of E2,351,090.00 remains undisclosed in the Detailed Statement of Capital Expenditure for the financial year ended 31st March 2020.

41. Audit of Ministry of Health UNICEF (Appendix 55)

Audit of the Financial Statement of Ministry of Health UNICEF (Appendix 55) for the financial year ended 31st March 2020 was conducted and an audit query was communicated to the Accountant General through a memorandum dated 14th December 2020.

41.1. Unreported Expenditure – UNICEF Health Programme

I noted that the UNICEF – Health Programme financial statements reported unutilised funds amounting to E739,312.52, whilst the Controlling Officer of the Ministry of Health reported that the funds were used and direct payments to the vendors were facilitated by UNICEF. The Accountant General was aware about the arrangement of bypassing the procurement and tendering process to prevent delays in the implementation of activities, and transferring the funds to UNICEF Account to facilitate direct payments. However, the expenditure incurred from the direct payments was not reported and/or disclosed in the financial statements by the Accountant General.

The details of the expenditures incurred through direct payments are depicted in the table below:

Date	Invoice Number	Payee	Amount (E)
05/08/2019	135444	Happy Valley Hotel	90,437.00
05/08/2019	135444	Happy Valley Hotel	48,372.50
21/08/2019	19918	Simunye Country Club	153,511.00
21/08/2019	90461	Nkonyeni Golf Course	150,042.00
22/08/2019	466	Magandzavane Lodge	34,545.00
22/08/2019		Siteki Hotel	75,665.07
02/09/2019	5398	Phumula Guest House	92,765.00
24/09/2019	62050	The George Hotel	78,827.00
Total Direct Payments – Undisclosed Expenditure			724,164.57
Total Funds Transferred to UNICEF Account			739,312.52
Funds Remained Unutilised as at 31st March 2020			15,147.95

Financial and Accounting Instruction number 0203 (ii) requires that the Controlling Officer and Accounting Officers should promptly bring to account all public monies. According to Section 10 (1)(d) of the Public Finance Management Act (2017), the Accountant General should be responsible for the compilation and management of the accounts of government. Further, Section 10 (1)(b) states that the Accountant General should be responsible for the custody and safety of public money and other resources of government under the control of the Accountant General and the setting of standards and monitoring standards for the custody and safety of money and other resources of government not under the control of the Accountant General.

In response referenced A2/2019/2020/22 dated 5th February 2021, the Accountant General stated that the amounts were closing balances for last financial year 2018/2019 and were transferred to this financial year 2019/2020 in order to pay outstanding commitments.

The response of the Accountant General was not relevant. The anomaly of undisclosed expenditure remains not corrected (rectified) in the books of accounts.

42. Audit of IFMIS Project Government Contribution - Special Account

An audit of the Integrated Financial Management Information System (IFMIS) Government Contribution - Appendix 77 for the financial year ended 31st March 2020 was conducted and the audit query was communicated the Controlling Officer through a

memorandum referenced A2/2019/2020/22 dated 30th December 2020. The Accountant General responded through an unreferenced memo received by my office on the 5th February 2021. However, the following audit query remain reportable.

42.1. Unutilised Development Project Funds

I observed that there were unutilised project funds amounting to **E40,266,858.13**. The project is implemented by the Treasury Department. Despite the opening bank balance of E35,628,044.63, government contribution of E10,000,000.00 was transferred into the Special Account of this project during the financial year 2019/2020. The total expenditure amounted to E5,826,032.71 and a surplus of E4,638,713.50 was attained for the year audited.

The details of the unutilised development funds are depicted in the table below.

Programme /Projects	Opening Balance	Financial performance	Amount	Closing Balance
	E		E	E
IFMIS	35,628,044.63	Income	10,464,846.21	40,266,858.13
		Less: Expenditure	<u>5,826,032.71</u>	
		Surplus	<u>4,638,713.50</u>	

I am concerned that the delays in the implementation of the project have delayed improvements in financial reporting and public finance management in Government. The delays are not favourable and are against the principle of attainment of 'value for money', since the project costs continue to escalate or increase.

The Accountant General was advised to fast-track and closely monitor the implementation of the project to ensure the achievement of the desired outputs, outcomes and impacts that it will have in improving the lives of the citizens. Also, the Accountant General was requested to provide a Project Initiation Document, Reports for the outputs and outcomes achieved, and a Programme of Action.

In his response, dated 5th February 2021, the Accountant General stated that the funds were closing balances for last financial year and were transferred to this financial year ended 31st March 2020 for utilisation.

I am concerned that there are delays in the project implementation. While the account had E35,628,044.63, government contribution of E10,000,000.00 was transferred to the special account. Hence the Account continues to accumulate funds, with a minimal utilisation.

43. Special Fund and Trading Accounts

I have audited Special Fund and Trading Accounts for the financial year ended 31st March 2020, and the following audit queries remained reportable.

43.1. Dormant or Inactive Programme Accounts

I noted that there were ten (10) dormant or inactive programme accounts that incurred bank charges which outweighed the interest earned during the financial year ended 31st March 2020. The bank charges exceeded interest earned and continued to accumulate deficit that results to overdrawn investment balances and depleted the bank balances (cash position), as at 31st March 2020.

The Accountant General and the responsible Controlling Officers were requested to evaluate the economic perspective of the dormant or inactive accounts and recommend accordingly.

The details of the dormant or inactive programme accounts, highlighted audit issues with expected responses and recommendations from the Accountant General. These are depicted in the following table.

Financial Statements	Audit Queries / Issues	Responses and Recommendations from the Accountant General
SWD Higher Education Council – Appendix 52	<p>The account had no activity except for the bank charges of E600.00 which outweighed the interest earned of E404.96, on the investment balance of E40,193.54. Hence, the bank balance was depleted from E40,389.44.</p> <p>In terms of value for money it is not economically sound to keep bank accounts active at the end of a project or programme. As such, if there was no immediate plan to carry on with the programme, the account should have been brought to closure immediately and the remaining bank balance transferred to the General Account, to avoid any further reduction of available cash through bank charges.</p>	<i>The Ministry acknowledged that the account had no activity taking place, yet still active, and noted that the balance was depleted by bank charges which was not economically viable. The Ministry has since requested the Accountant General to close the Account. The bank balance was E40,061.84, as at 30th November 2020.</i>
SWD GOVT UNICEF Education and Training – Appendix 53	The account had no activity except for the bank charges of E769.21 which outweighed the interest earned of E317.00, on the investment balance during the year. Hence, the bank balance was completely depleted by the bank charges and	<i>The Ministry acknowledged that the account had no activity at the time of the audit. However, the bank account is still active. Worth noting is that the Ministry receives financial support from UNICEF periodically,</i>

	<p>professional services and an overdrawn bank balance of E279.50 was observed.</p> <p>In terms of value for money it is not economically sound to keep bank accounts active at the end of a project or programme. As such, if there was no immediate plan to carry on with the programme, the account should have been brought to closure immediately and the remaining bank balance transferred to the General Account, to avoid any further reduction of available cash through bank charges.</p>	<p><i>hence a need to keep the account active. Currently, this special account is actively used on the project for COVID-19 response financing the broadcast of media lessons for learners whilst schools are closed. Regrettably, the pause in between UNICEF funded projects result to bank charges.</i></p>
SWD Government Statistical Capacity Building Account – Appendix 56	<p>The account had no activity except for the bank charges of E618.58, which included a debit interest due to the overdrawn bank balance. The bank balance was completely depleted from E51.76 to an overdrawn balance of E566.82, by the bank charges. This continues to incur bank charges and debit interest, both increases the debt that Government has to settle with the Bank, from public funds.</p> <p>In terms of value for money it is not economically sound to keep bank accounts active at the end of a project or programme. As such, if there was no immediate plan to carry on with the programme, the account should have been brought to closure immediately and the remaining bank balance transferred to the General Account, to avoid any further reduction of available cash through bank charges.</p>	<p><i>In response referenced STATS 16.1(2), dated 12 January 2021, the Ministry of Economic Planning and Development stated that a written request was made to close the special account number 100016-2070-14 on the 24th March 2020 to the Accountant General. The account had a negative balance of E513.33 as at 29th February 2020.</i></p> <p>However, there was no response from the Accountant General, and the account remains accumulating bank charges which increases the overdrawn bank balance. This is an uncalled for loss of public funds. To avoid any further loss of public funds, the Accountant General should close the account with immediately effect, otherwise be surcharged for this loss.</p>
Special Care Medical Aid (Phalala) Fund 2 – Ministry of Health – Appendix 64	<p>The account had no activity except for the bank charges of E600.00, which outweighed the interest earned of E95.15. As result of the deficit incurred of E504.85, due to bank charges, the bank balance was depleted from E9,717.90 to E9,213.05, as at 31st March 2020.</p> <p>In terms of value for money it is not economically sound to keep bank accounts active at the end of a project or programme. As such, if there is no immediate plan to carry on with the program, it should be closed and the bank balance should be transferred to the General Bank Account</p>	<p><i>In response the Accountant General stated the recommendation will be forwarded to the line Ministry and further consultation will be done on the status of the account.</i></p>

	(Consolidated Fund Account), to avoid any further reduction of available cash through bank charges.	
SWD Government Commonwealth Judges – Appendix 65: Judiciary	<p>The account had no activity except for the bank charges of E600.00, which outweighed interest earned of E580.35, and depleted the bank balance to E58,003.46 as at year-end.</p> <p>In terms of value for money it is not economically sound to keep bank accounts active at the end of a project or programme. As such, if there is no immediate plan to carry on with the program, it should be closed and the bank balance should be transferred to the General Bank Account (Consolidated Fund Account), to avoid any further reduction of available cash through bank charges.</p> <p>Information about the purpose of this Fund and the instrument that operationalise the program was not provided.</p>	<i>In response the Accountant General stated that this account was closed on the 17th March 2020 and will be removed from the statements in the financial year 2020/2021.</i>
Education Management Information (EMIS) – Appendix 78: Ministry of Education and Training	<p>The account had no activity except for the bank charges of E627.05 which outweighed interest earned of E105.21, and reduced the bank balance to E3,736.31, as at year-end.</p> <p>In terms of value for money it is not economically sound to keep bank accounts active at the end of a project or programme. As such, if there was no immediate plan to carry on with the programme, the account should have been brought to closure immediately and the remaining bank balance transferred to the General Account, to avoid any further reduction of available cash through bank charges.</p> <p>According to the Ministry of Education and Training, at the end of the pilot project in 2018, the balance of E25,973.42 was transferred back to the donor (Association for the Development of Education - ADEA) as per the agreement. Having completed the transfer of the balance to ADEA a sum of E29,937,68 emerged in this special account due to a misposting by the Treasury Department. The Ministry instructed Accountant General to facilitate the transfer of the current balance resulting from the misposting to the consolidated funds.</p>	<p><i>Through a response referenced EA15/5/1, dated 29th December 2020, the Ministry of Education and Training acknowledged that the account had no activity taking place but the account was still active whilst the funds are getting depleted by bank charges, since 2018, and greatly regretted for such unacceptable accounting practice.</i></p> <p><i>Through a memorandum referenced EA 15/5/1, dated 29th December 2020, the Ministry of Education and Training requested the Accountant General to close the special account and facilitated the transfer of the remaining funds from the EMIS Account No. 100016206559 to General Account No. 1000016206501.</i></p> <p><i>Further, through a memorandum referenced EA15/5/1 dated 12th January 2021, the Ministry of Education and Training requested the Accountant General to transfer</i></p>

		<i>the balance of E3,360.17 and close the special account.</i>
Book Fund – Ministry of Education: Appendix 87	The Trading Account depicted only a receipt income of E3,070.83, which increased the bank balance from E18,001,265.91 to E18,004,336.74.	<i>Through a response referenced EA15/5/1, dated 29th December 2020, the Ministry of Education and Training acknowledged that the account has no activity taking place, yet still active, and noted that the balance has also been depleted by bank charges which is not economically viable. The Ministry was in the process of requesting Cabinet approval to open a special account with the Central Bank to transfer the bank balance from this trading account.</i>
Ministry of Agriculture Farm Inputs Fund – Appendix 74; Tractor Hire Pool Trading Account – Appendix 84; and Agricultural Inputs Trading Accounts – Appendix 93	<p>Non-closure of inactive Farm Inputs Fund Account, and Tractor Hire Pool and Agricultural Inputs Trading Accounts:</p> <p>Farm Inputs Fund Account had no activity except for the bank charges of E600.00, interest earned of E74,582.33.</p> <p>Tractor Hire Pool Trading Account had no transaction except for the bank balance of E14,942,365.39 as at 31st March 2020. While, the Agricultural Inputs Trading Account had one transaction of income of E500.00 from untraced source and a bank balance of E5,010,282.36, as at 31st March 2020.</p> <p>Both the Trading Accounts were not closed after the entire programme was devolved to the management of the National Maize Corporation (NMC).</p> <p>In terms of value for money it is not economically sound to keep bank accounts active at the end of a project or programme. As such, if there was no immediate plan to carry on with the programme, the accounts should have been brought to closure immediately and the remaining bank balances transferred to the General Account, to avoid any further depletion of available cash through bank charges.</p>	<p><i>In response the Accountant General the Farm Inputs Fund Account was used to pay private owners who have contracted their tractors to Government.</i></p> <p><i>In response referenced AGF 95, dated 13th January 2021, the Ministry stated that they had since observed that the transfer is a process rather than an event and they needed to do a pilot of the proposed full- transfer. The Ministry of Public Service had been engaged to assist with the carrying out an assessment of the past three years of the service provision by the National Maize Corporation. The study shown/depicted that a further three years was required before the full transfer is finally effected.</i></p> <p><i>It is also worth noting that since the transfer is still being assessed it will require that the trading account be not closed due the possibility that in case the process encounters problems there may be need to revert back to the old systems of tractor-hire service provision. This unfortunately will require the re-use of the trading account service.</i></p> <p><i>The office of the Accountant General and the Auditor General were requested to permit the</i></p>

		<i>maintenance of the Trading Account until the finalisation of the process of full transfer to NMC of the Tractor-hire Service and Agricultural Input Support Programmes.</i>
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I advised the Accountant General that it is not economical prudent to keep an account with no activity (transaction) except for the bank charges exceeding the interest earned and reducing the cash balance (position). If there are no on-going programmes/activities for the dormant or inactive accounts, it is economically wise to bring such accounts to closure and transfer the remaining bank balance to the General Account, to avoid any further reduction of available cash through bank charges.

The Accountant General should engage the respective Controlling Officer to closed dormant accounts, because they continue to deplete the cash balance of Government.

44. Audit of Consolidated statement of Outstanding Revenue

An audit of the Consolidated Statement of Outstanding Revenue (Appendix 15) was carried out for the year ended 31 March 2020. Audit queries were issued to the Accountant General through a memorandum referenced A2/2019/2020 dated 27th October 2020. The Controlling Officer responded through an unreferenced correspondence dated 5th February 2021. However, the following audit queries remain reportable.

44.1. Irrecoverable Outstanding Debts

I noted that outstanding revenue amounting to **E10,900,813.19** was disclosed in the notes as irrecoverable and was to be written off. I warned the Accountant General that amounts owed to government should not be declared irrecoverable without written authority from the Losses Committee. It is only the Losses Committee that has authority to evaluate whether debts are recoverable or irrecoverable. This should be after

producing evidence to the Losses Committee that numerous attempts have been made to recover those outstanding debts, but in vain.

The following is a list of the Ministries whose debts are prematurely disclosed as irrecoverable revenue:

Ministry	Amount (E)
Revenue Offices	3,208,216.05
Ministry of Commerce, Industry & Trade	2,561,135.30
Ministry of Health	410,650.00
Ministry of Agriculture	51,468.20
Ministry of Enterprise and Employment	4,274,957.90
His Majesty's Correctional Services	394,385.74
Total	10,900,813.19

My concern is that recoverable debts may be written off, resulting in Government losing revenue. I recommended that Controlling Officers should take up the matter to the Losses Committee and submit documentary evidence of attempts made to recover the outstanding debts and the decision taken by the Losses Committee, which might be authority to write off the debts or make attempts to collect the debts; whatever informed decision the Losses Committee will make.

In his response, the Accountant General stated that he communicated with the concerned Ministries requesting them to make recoveries or ask for a write-off for all monies which proved to be unrecoverable. He also stated that making recoveries has proven to be difficult as there are no source documents to assist in the exercise and these monies dates back on or 2005.

He further stated that the irrecoverable debts figure is a provision for losses on accounts receivables, an estimation of doubtful debts that will need to be written off. The outstanding debts will be disclosed in the financial statement until the Ministries writes them off.

The response of the Accountant General is appreciated. Although the matter remains reportable.

44.2. Non-recovery of Outstanding Revenue

I also noted that from the outstanding revenue of **E3,527,430,318.59** that was stated as recoverable, E971,346,164.00 was recovered and the collections were made by

Eswatini Revenue Authority. There were no recovery collections from the other Ministries. This means that revenue of **E2,556,084,154.59** was not recovered by the responsible Ministries. This implies that Ministries are not making attempts to collect outstanding revenue, as the amounts for the outstanding revenue are still the same as they were in prior years.

The breakdown of the outstanding revenue not recovered by the responsible Ministries over two years is depicted in the table below.

Ministry Responsible for the Revenue Collection	Cumulative Balance as at 31st March 2018 (E)	Recovered / Irrecoverable (E)	Outstanding Revenue Over Two Years (E)
Swaziland Revenue Authority	3,523,969,300.00	971,346,164.00	2,552,623,136.00
Ministry of Commerce, Industry and Trade	4,494,392.30	2,561,135.30	1,933,257.00
Ministry of Health	634,542.50	410,650.00	223,892.50
Ministry of Justice	548,200.00	0.00	548,200.00
Ministry of Agriculture	504,504.39	0.00	504,504.39
Ministry of Information, Communication and Technology	90,598.20	51,468.20	39,130.00
Ministry of Natural Resources and Energy	212,034.70	0.00	212,034.70
Total Outstanding Revenue	3,530,453,572.09	974,369,417.50	2,556,084,154.59

Delays in recovering the Government revenue may result in some source documents being misplaced and thus rendering the outstanding amounts irrecoverable. However, I recommended that the Controlling Officers should ensure prompt collection of outstanding revenue.

In his response the Accountant General stated that he communicated with the different Ministries concerned to respond as to why there has been no recoveries of debts in the financial year 2019/2020 and up to this far there was no response.

The response of the Accountant General is acknowledged, however the matter of non-recover of debts remains a serious concern, that needs to address.

45. Audit of Detailed Statement of Recurrent Expenditure

An audit of the Detailed Statement of Recurrent Expenditure for the financial year ended 31st March 2020 was conducted and my findings were communicated to the Controlling

Officer through a memorandum referenced T4 Vol. VIII/30, dated 9th November 2020. The Controlling Officer responded through a memorandum referenced 022/001/AR, dated 20th November 2020; however, the following issues remain reportable.

45.1. Under Expenditure

I observed that there was an unauthorised under expenditure of E966,507.28 incurred on various control items by the Department's different Responsibility Centres. The table below illustrates the under expenditures.

Responsibility Centre	Control Item	Appropriated Budget	Released Budget	Actual Expenditure	Under Expenditure	%
21-Treasury		E	E	E	E	
	CTA Vehicle Charges	2,252,853.00	2,250,814.00	1,930,228.20	320,585.80	14.2
	Durable Materials and Equipment	169,200.00	169,200.00	122,693.80	46,506.20	27.5
	Sub-total				367,092.00	15.2
31-Stores						
	Personnel Costs	3,007,629.00	3,007,624.00	2,456,767.07	550,856.93	18.3
	Travel, Transport and Communication	120,585.00	119,327.00	80,182.38	39,144.62	32.8
	Consumable Materials and Supplies	32,362.00	31,876.00	22,462.27	9,413.73	29.5
	Sub-total				599,415.28	19.0
Total Under Expenditure on Recurrent Vote					966,507.28	

Under expenditures of 10% or more in a year are considered to be not conducive to the development of the country. Under expenditure is a serious concern as the unutilised funds deprive other Government projects or programmes of planned development initiatives. Had the funds been accessible and/or used to finance essential programmes, they would have contributed towards the development and economic growth of the country.

In his response the Controlling Officer concurred with my observations of under expenditure on recurrent vote of E966,507,288 incurred on different Control Items in the various Departments, and provided the following explanations.

CTA Vehicle Charges: *the under expenditure of 14.2% was incurred because of low fuel consumption during the months of December 2019 and March 2020 as evidenced by the budget printout. Most officers were at home during the month of December 2019 for the festive season and most of the vehicles were grounded, hence the low fuel consumption. The same thing happened in March 2020 as a result of the lockdown due to the COVID-19 pandemic.*

Durable Materials and Equipment: purchase orders amounting to E46,505.00 were issued to procure office equipment but the vendors were unable to deliver the equipment because of the lockdown at the border gates due to the COVID-19 pandemic, hence the under expenditure of 27.5%.

31 - Stores

Personnel Costs: The under expenditure of 18.3% was incurred because certain positions were vacant at the Stores Department including those of Controller of Government Stores and Senior Stores Officer. The officers in those positions retired and were not immediately replaced due to Establishment Circular Number 3 of 2018.

Travel, Transport and Communications: The under expenditure of 32.8% was incurred because of the following reasons: late submission of telephone bills by Eswatini Posts and Telecommunications Corporation; telephone lines under the Stores Department were not operational between December 2019 and March 2020; and due to the vacant posts by senior personnel, the Department's telephone expenses dropped during that period.

Consumable Materials and Suppliers: The under expenditure of 29.5% was incurred because there was a drop in the requirement of consumable materials and supplies due to the vacant positions of senior personnel. The Department also purchased less uniform for labourers because three (3) labourers were transferred from the Department and never replaced.

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46. Audit of Detailed Statement of Recurrent Expenditure

An audit of the Detailed Statement of Recurrent Expenditure for the financial year ended 31st March 2020 was conducted and my findings were communicated to the Controlling Officer through a memorandum referenced I24(A) Vol. II/01, dated 29th October 2020. The Controlling Officer responded through a memorandum referenced IAO 3/2/2/024, dated 16th November 2020; however, the following issues remain reportable.

46.1. Under Expenditure

I observed that there was an unauthorised under expenditure of E658,029.19 incurred on various control items in the Department's different Responsibility Centres. The table below illustrates the under expenditures.

Responsibility Centre	Control Item	Appropriated Budget	Released Budget	Actual Expenditure	Under Expenditure	%
11-Internal Audit		E	E	E	E	
	CTA Vehicle Charges	1,369,442.00	1,144,292.00	546,914.09	597,377.91	52.2
	Travel, Transport and Communication	453,800.00	336,824.00	294,760.88	42,063.12	12.5
	Consumable Materials and Supplies	132,762.00	87,840.00	69,251.84	18,588.16	21.2
Total Under Expenditure on Recurrent Vote					658,029.19	

Under expenditures of 10% or more in a year are considered to be not conducive to the development of the country. Under expenditure is a serious concern as the unutilised funds deprive other Government projects or programmes of planned development initiatives. Had the funds been accessible and/ or used to finance essential programmes, they would have contributed towards the development and economic growth of the country.

In her response the Controlling Officer acknowledged my observations with regard to the under expenditure of E658,029.19 on various control items. She explained that the under expenditure was unplanned and they do understand its seriousness.

CTA Vehicle Charges: *The Office had budgeted for fuel to cover all audits as per their plan for the year, unfortunately the office cars were recalled by CTA and not returned in time and the COVID-19 pandemic also contributed as it was declared National Disaster in*

March 2020. Also, fuel shortages and rationing of it thereof, meant less fuel was used to carry out audits. The office had to prioritise audits within the vicinity of Mbabane which required less fuel thus the under expenditure.

Travel, Transport and Communication: *Unfortunately, the office did not get the hiring waiver on time from Cabinet, so the budget could not be exhausted due to this unforeseen circumstance which was beyond the office control.*

Personnel Costs: *The Office had budgeted for hiring and promoting within to fill in vacant positions in which it was anticipated that there will be an increase in communication (telephones) and bus claims. Unfortunately, the office delayed to get the waiver from Cabinet on time but later towards the end of the financial year.*

Consumables: *The Office had reserved an amount of E18,000.00 to procure photocopying machine tonners and stationery for the new auditors to be hired. The auditors ended up not hired because of the delayed waiver and the supplier could not supply the tonners because it ran out of stock and it was already by the end of financial year.*

The Controlling Officer is commended for the detailed responses and commitment to eliminate the recurring under expenditure issues.

HEAD 40: MINISTRY OF LABOUR AND SOCIAL SECURITY

47. Audit of Detailed Statement of Recurrent Expenditure

An audit of the Detailed Statement of Recurrent Expenditure for the financial year ended 31st March 2020 was conducted and my findings were communicated to the Controlling Officer through a memorandum referenced L32 Vol. IV/3, dated 29th October 2020. The Controlling Officer responded through a memorandum referenced AC/3A/Vol. III/47, dated 10th November 2020; however, the following issues remain reportable.

47.1. Unauthorised Over-Expenditure on Recurrent Vote

I observed that an over expenditures of **E1,255,338.95**: on CTA Vehicle Charges amounting to E948,908.54 and on Personnel Costs amounting to E306,430.41, were incurred by the Ministry in some of the Responsibility Centres. The table below illustrates the over expenditures.

Responsibility Centre	Control Item	Appropriated Budget	Released Budget	Actual Expenditure	Over Expenditure	%
		E	E	E	E	
Minister's Office	CTA Vehicle Charges	174,600.00	174,600.00	505,536.22	330,936.22	189.5
Ministry Administration	CTA Vehicle Charges	1,608,209.00	1,608,209.00	2,226,181.32	617,972.32	38.4
Over Expenditure on CTA Vehicle Charges					948,908.54	
Department of Social Security	Personnel Costs	2,804,216.00	2,064,608.00	2,371,038.41	306,430.41	14.8
Total Over Expenditure on Recurrent Vote					1,255,338.95	

Over expenditure beyond the budget released as appropriated by parliament is not only unlawful but also has serious effect on the fiscal budget. This was in contravention of Financial and Accounting Instruction number 0202 (ii), which states that Controlling Officers are responsible for ensuring that no amount is spent in excess of the amounts specified by Treasury Warrants.

Section 107(3)(j) read with Section 34(7) of the Public Finance Management Act of 2017, also states that "a public office and public officer, or other person with responsibility for government resources commits an offence of financial misconduct if, without lawful authority under this Act or other lawful authority, that person wilfully or negligently incurs unauthorised expenditures or makes unauthorised commitments. Any excess or any amount expended but not appropriated and which is not allowed under this section is

treated as a loss of public moneys. As stated in the Section 34(5), unauthorised expenditure may lead to disciplinary actions.

In his response, the Controlling Officer acknowledged the over expenditures on CTA Vehicle Charges amounting to E948,908.54 and Personnel Costs of E306,430.41, and provided the following explanations.

The over expenditure on CTA Vehicle Charges was caused by rental, short-term hire and maintenance charges for vehicles hired by the Ministry due to the depleted Ministry's fleet. The Ministry's activities have a huge bearing on fuel usage, maintenance charges, and CTA hired cars charges. As a corrective measure, the Ministry through assistance from the Ministry of Finance is making all efforts to properly budget for such activities.

The over expenditure on Personnel Costs was caused by the transfer of the Commissioner of Compensation's Salary from Centre 1401-Department of Labour to Centre 2001-Department of Social Security. This was effected so that the salary was paid under the correct activity. When this activity was done, only the expense (expenditure) was transferred leaving the budget until the following year, thus causing the over expenditure.

The response of the Controlling Officer is appreciated; however, there is no justification for over expenditure.

47.2. Under Expenditure on Recurrent Vote

I also noted that there were under expenditures amounting to **E2,029,479.05**, incurred on various control items by certain Responsibility Centres of the Ministry. The under expenditures consist of: Personnel Costs amounting to E1,534,226.60; Travel, Transport and Communication amounting to E336,137.69; Consumable Materials and Supplies amounting to E54,978.60; CTA Vehicle Charges of E37,175.14; and Durable Materials and Equipment of E66,961.02. The table below illustrates the under expenditures.

Responsibility Centre	Control Item	Appropriated Budget	Released Budget	Actual Expenditure	Under Expenditure	%
11-Ministry Administration		E	E	E	E	
	Travel, Transport and Communication	761,063.00	761,063.00	424,925.31	336,137.69	44.2
	Consumable Materials and Supplies	172,719.00	127,395.00	108,184.13	19,210.87	15.1
	Sub-total				355,348.56	40.0
14-Department of Labour						

Responsibility Centre	Control Item	Appropriated Budget	Released Budget	Actual Expenditure	Under Expenditure	%
	CTA Vehicle Charges	268,242.00	268,242.00	231,066.86	37,175.14	13.9
	Personnel Costs	9,532,277.00	9,532,276.00	7,998,049.40	1,534,226.60	16.1
	Consumable Materials and Supplies	179,845.00	142,437.00	106,669.27	35,767.73	25.1
	Sub-total				1,607,169.47	16.2
18-National Employment						
	Durable Materials and Equipment	159,000.00	159,000.00	96,552.59	62,447.41	39.3
20-Department of Social Security						
	Durable Materials and Equipment	59,963.00	34,976.00	30,462.39	4,513.61	12.9
Total Under Expenditure on Recurrent Vote					2,029,479.05	

Under expenditure is a serious concern as the unutilised funds deprive other Government projects or programmes of planned development initiatives. Had the funds been accessible and/ or used to finance essential programmes, they would have contributed towards the development and economic growth of the country. Under expenditures of 10% or more in a year are considered to be not conducive to the development of the country.

In his response the Controlling Officer acknowledged the under expenditures on: Personnel Costs of E1,534,226.60; Travel, Transport and Communication of E336,137.69; Consumable Materials and Supplies of E54,978.60; CTA Vehicle Charges of E37,175.14; and Durable Materials and Equipment of E66,961.02. He provided the following explanations for the under expenditures:

The under expenditure on Personnel Costs was attributed to a couple of causes. The first cause is that, as a corrective measure, the salary for the Commissioner Compensation was transferred from Centre 1401-Department of Labour to Centre 20001-Department of Social Security. When such an activity was effected, the expense was transferred, leaving the budget hence causing the reported under expenditure. The second cause may be attributed to the number of vacant posts. The posts however have now been filled.

The under expenditure on CTA Vehicle Charges was incurred by the Centre 1401 – Department of Labour, which conduct labour inspections countrywide and to fulfil its mandate, it needs a reliable fleet of vehicles. Over the years, the Department's fleet has depleted. This has been a major setback to the Department in the fulfilment of its mandate. The shortage of vehicles has resulted in the decrease of fuel consumptions which has resulted in the reported under expenditure under this activity.

Further, there was a financial policy, which was introduced by the Ministry of Finance to control spending by Ministries. This policy requires that each Ministry writes to the Ministry of Finance to request for Authority to commit funds. Spending under the mentioned items of expenditure was controlled by this policy. It was upon the discretion of the Ministry of Finance whether or not, you are given the authority to spend.

The Controlling Officer is commended for the detailed responses and commitment to eliminate the recurring under expenditure issues.

HEAD 41: MINISTRY OF PUBLIC SERVICE

48. Audit of Detailed Statement of Recurrent Expenditure

An audit of the Detailed Statement of Recurrent Expenditure for the financial year ended 31st March 2020 was conducted and my findings were communicated to the Controlling Officer through a memorandum referenced E26 Vol./14 dated 9th November 2020. The Controlling Officer responded through a memorandum referenced OS/60/6, dated 16th November 2020; however, the following issues remain reportable.

48.1. Under Expenditure on Recurrent Vote

I observed that there was an under expenditure of **E3,472,851.51** on various control items incurred by the Ministry in different Responsibility Centres. The under expenditures consist of: Personnel Costs amounting to E1,093,969.32; Professional and Special Services of E2,096,838.25; Travel, Transport and Communication of E153,993.58; and CTA Vehicle Charges of E81,806.95; Durables Materials and Equipment of E21,778.95; Consumables Materials and Supplies of E20,273.31; and Drugs of E4,191.15.

The table below illustrates the under expenditures.

Responsibility Centre	Control Item	Appropriated Budget	Released Budget	Actual Expenditure	Under Expenditure	%
10 Minister's Office		E	E	E	E	
	CTA Vehicle Charges	74,600.00	60,050.00	47,428.20	12,621.80	21.0
	Professional and Special Services	13,623.00	10,409.00	6,236.75	4,172.25	40.1
	Sub-total				16,794.05	23.8
11-Ministry Administration						
	Personnel Costs	6,149,460.00	6,039,452.00	4,945,482.68	1,093,969.32	18.1
	Drugs	17,154.00	14,152.00	10,071.85	4,080.15	28.8
	Durables Materials and Equipment	43,500.00	43,500.00	38,721.05	4,778.95	11.0
	Sub-total				1,102,828.42	18.1
21-Personnel Administration						
	Professional and Special Services	278,312.00	139,564.00	124,219.12	15,344.88	11.0
	Consumables Materials and Supplies	123,605.00	84,823.00	66,279.69	18,543.31	21.9
	Sub-total				33,888.19	15.1
22-Manpower Administration						
	CTA Vehicle Charges	332,514.00	310,468.00	252,463.20	58,004.80	18.7
	Travel, Transport and Communication	425,148.00	355,442.00	308,762.77	46,679.23	13.1
	Drugs	437.00	111.00	-	111.00	100.0

Responsibility Centre	Control Item	Appropriated Budget	Released Budget	Actual Expenditure	Under Expenditure	%
	Professional and Special Services	7,068,587.00	7,059,696.00	6,085,469.30	974,226.70	13.8
	Durables Materials and Equipment	17,000.00	17,000.00	-	17,000.00	100.0
	Sub-total				1,096,021.73	14.2
23-Management Services						
	CTA Vehicle Charges	2,000.00	2,000.00	1,521.65	478.35	23.9
	Travel, Transport and Communication	583,964.00	572,188.00	464,873.65	107,314.35	18.8
	Professional and Special Services	1,332,975.00	1,275,672.00	172,577.58	1,103,094.42	86.5
	Consumables Materials and Supplies	8,596.00	1,730.00	-	1,730.00	100.0
	Sub-total				1,212,617.12	65.5
24-Civil Service Commission						
	CTA Vehicle Charges	63,493.00	58,202.00	47,500.00	10,702.00	18.4
Total Under Expenditure on Recurrent Vote					3,472,851.51	

Under expenditures of 10% or more in a year are considered to be not conducive to the development of the country. Under expenditure is a serious concern as the unutilised funds deprive other Government projects or programmes of planned development initiatives. Had the funds been accessible and/ or used to finance essential programmes, they would have contributed towards the development and economic growth of the country.

In his response the Controlling Officer acknowledged the under expenditure of E3,472,851.51 on various control items; which constitutes mainly of three (3) control items that significantly contribute to the under expenditure amounts are funds for Personnel Costs of E1,093,969.32; Professional and Special Services of E2,096,838.25; and Travel, Transport and Communication of E153,993.58. The rest of the funds relates to CTA Vehicle Charges of E81,806.95; Durables Materials and Equipment of E21,778.95; Consumables Materials and Supplies of E20,273.31; and Drugs of E4,191.15.

*The funds for Personnel Costs under Administration, which had overall under expenditure of E1,093,969.32; was due to vacant posts that were not filled as per Establishment Circular Number 3 of 2018 which brought about a hiring freeze. There were officers who left and were not replace under our **PSHACC** – Public Section HIV/AIDS Co-ordinating Committee Department.*

Professional and Special Services: *The under expenditure of E974,226.70 under Manpower Administration was funds mainly for In-Service Training Programme for Civil Servants across Government, under Human Resource Development (HRD) Department.*

*The reason for the under expenditure was due to the international lockdowns that were instituted by other countries, including local institutions which meant that invoices for officers were not filtering through as normal because a number of external training institutions had closed as part of the Corona virus pandemic restrictions (**COVID-19**). This invariably also resulted in under expenditure under **item 02** external travel amounting to (**E46,679.23**) of the same department as there was no movement of student internationally.*

*Also, the under expenditure of **E1,103,094.42** on Professional and Special Services under the Management Services Division (MSD) Department, were funds reserved for the Performance Management System (PMS). This is an ongoing project which will be rolled out throughout the Government. The funds were not utilised because there was no Tender Board for the better part of the financial year and by the time the tender board was in place the proposed single source procurement by the Ministry was rejected which delayed the entire process as it had to start afresh and go to open tender which was not possible as the financial year was almost over. The Ministry of Finance also did not release the funds in time for a commitment to be made on the recurrent Budget.*

Travel, Transport and Commitment: *There was also an under expenditure of **E107,314.35** on External Travel because of the corona virus pandemic (Covid-19 restrictions) as a number of countries has instituted lockdowns.*

The remaining under expenditure under C.T.A. Vehicle Charges were as a result of a combination of corona virus restrictions and challenges faced by Government in terms of Fuel shortages. There were fewer staff members at the beginning of the lock down restrictions as only essential staff members were to report to duty with non-essential staff working from home.

The Controlling Officer is commended for the detailed responses and commitment to eliminate the recurring under expenditures.

HEAD 43: MINISTRY OF INFORMATION, COMMUNICATION AND TECHNOLOGY

49. Audit of Detailed Statement of Recurrent Expenditure

An audit of the Detailed Statement of Recurrent Expenditure for the financial year ended 31st March 2020 was conducted and my findings were communicated to the Controlling Officer through a memorandum referenced I7 Vol. III/47, dated 29th October 2020. The Controlling Officer responded through a memorandum referenced ICT/16/8/3, dated 21st December 2020; however, the following issues remain reportable.

49.1. Under Expenditure on Recurrent Vote

I observed that there were under expenditures amounting to **E9,430,876.79** on various control items incurred by the Ministry's different Responsibility Centres. Under expenditures on: Travel, Transport and Communication of **E4,412,920.06**; Professional and Special Services of **E3,767,529.35**; Personnel Costs of **E692,681.66**; CTA Vehicle Charges of **E360,240.37**; and Consumables Materials and Supplies of **E197,505.35**, were observed.

The table below illustrates the under expenditures.

Responsibility Centre	Control Item	Appropriated Budget	Released Budget	Actual Expenditure	Under Expenditure	%
		E	E	E	E	
Travel, Transport and Communication						
	Minister's Office (10)	665,535.00	657,765.00	490,496.83	167,268.17	25.4
	Ministry Administration (11)	8,191,336.00	8,160,508.00	4,719,257.92	3,441,250.08	42.2
	Department of Communication (12)	316,319.00	232,122.00	151,772.39	80,349.61	34.6
	Department of information (13)	112,779.00	75,178.00	60,423.11	14,754.89	19.6
	Department of Broadcasting and Information Services (14)	3,698,306.00	3,696,886.00	3,169,663.12	527,222.88	14.3
	National Archives (17)	473,436.00	473,070.00	368,551.59	104,518.41	22.1
	Department of Research and Technology (18)	681,998.00	472,326.00	394,769.98	77,556.02	16.4
Under Expenditure on Travel, Transport and Communication			13,767,855.00	9,354,934.94	4,412,920.06	
Professional and Special Services						

	Ministry Administration (11)	1,054,456.00	1,034,438.00	598,015.06	436,422.94	42.2
	Department of Broadcasting and Information Services (14)	5,407,757.00	5,390,840.00	3,026,136.56	2,364,703.44	43.9
	Computer Services department (16)	3,190,777.00	3,162,794.00	2,356,944.72	805,849.28	25.5
	National Archives (17)	1,131,266.00	1,130,091.00	969,537.31	160,553.69	
Under Expenditure on Professional and Special Services			10,718,163.00	6,950,633.65	3,767,529.35	
Personnel Costs						
	National Archives (17)	4,882,386.00	4,882,384.00	4,204,702.34	677,681.66	13.9
	Broadcasting (21)	15,000.00	15,000.00	-	15,000.00	100
Under Expenditure on Personnel Costs			4,897,384.00	4,204,702.34	692,681.66	
CTA Vehicle Charges	Minister's Officer (10)	174,600.00	116,400.00	19,407.29	96,992.71	83.3
	Department of Broadcasting and Information Services (14)	472,705.00	472,704.00	408,188.54	64,515.46	13.6
	15 National library Services	99,298.00	99,298.00	61,261.60	38,036.40	38.3
	National Archives (17)	110,305.00	110,305.00	26,728.10	83,576.90	75.8
	18 Department of Research and Technology	317,506.00	317,506.00	240,387.10	77,118.90	24.3
Under Expenditure on CTA Vehicle Charges			1,116,213.00	755,972.63	360,240.37	
Consumables Materials and Supplies						
	Department of Communication(12)	2,844.00	1,893.00	-	1,893.00	100
	Department of Information (13)	86,048.00	57,364.00	27,900.72	29,463.28	51.4
	Department of Broadcasting and information services (14)	494,452.00	351,940.00	242,770.99	109,169.01	31
	Computer Services Department (16)	268,477.00	220,647.00	163,666.94	56,980.06	25.8
Under Expenditure on Consumables Materials and Supplies			631,844.00	434,338.65	197,505.35	
Total Under Expenditure on Recurrent Vote					9,430,876.79	

Under expenditures of 10% or more in a year are considered to be not conducive to the development of the country. Under expenditure is a serious concern as the unutilised funds deprive other Government projects or programmes of planned development initiatives. Had the funds been accessible and/ or used to finance essential programmes, they would have contributed towards the development and economic growth of the country.

In his response referenced ICT/16/8/3, dated 21st December 2020, the Controlling Officer acknowledged the under expenditures of E9,430,876.79 on various control items and he provided the following explanations.

*The **under expenditure on Travel, Transport and Communication (of E4,412,920.06)** was resulted from the implementation of a cut in external travel due to government's cash flow challenges and travel restrictions brought about by the global Covid-19 pandemic during the last quarter of the 2019/2020 financial year. Further, it was as a result of the Ministry not being able to utilise all the funds from a supplementary budget released during the last month of the 2019/2020 financial year. The funds were to cater for the payment of overdue communication bills for all the departments under ICT, unfortunately there were technical glitches with the invoice portal system that resulted in queries and some batches not being paid.*

*The **under expenditure on Professional and Special Services (of E3,767,529.35)** was due to challenges/delays on contract renewals which also led to a delay in getting relevant invoices from service providers in the 2019/2020. For instances:*

- MCB Laboratory Solutions (Pty) Ltd was engaged but could not deliver the services amounting to E19,998.50 for Calibration of environmental monitoring system because of the lockdown in South Africa.*
- A procurement of E19,950.25 for maintenance of CCTV was not successful.*
- Access policy workshop amounting to E95,000.00 could not take place.*

*The **under expenditure on Personnel Costs (of E692,681.66)** was caused by the vacant posts in the National Archives Department that were not filled in the 2019/2020 financial year. Further, the unutilised released budget of E15,000.00 on Personnel Costs under the Broadcasting Centre 21 was caused by the fact that this activity/responsibility centre was no longer in use since the department of Broadcasting was incorporated into the Ministry of ICT. However, the under expenditure was eventually rectified.*

*The **under expenditure on CTA Vehicle Charges (of E360,240.37)** was caused by the fact that CTA charges are charged under Ministry Administration because the Ministry's Transport Officer who is responsible for issuing fuel vouchers has his user identity linked to Administration. The Ministry committed to avert this under expenditure through allocation of CTA charges from activity 14 to respective activity (responsibility) centres.*

*The **under expenditure on Consumables Materials and Supplies (of E197,505.35)** was caused by the Ministry requesting authority to commit funds during the last quarter of the financial year which was not granted. As such, consumables could not be procured, resulting in the under expenditure. It was also caused by the purchase orders which were eventually cancelled due to delays in delivery for goods ordered during the last quarter of the financial year 2019/2020.*

The Controlling Officer is commended for the detailed responses and commitment to eliminate the recurring under and over expenditures.

50. Audit of Statement of Outstanding Imprest

An audit of the Financial Statement of Outstanding Imprest as at 31st March 2020 was conducted and the audit query was communicated to the Accountant General, Treasury Department through a memorandum referenced A2/2019/2020/12 dated 29th October 2020, which was then forwarded by the Accountant General to the Principal Secretary, Ministry of Information, Communication and Technology (ICT). I also communicated the audit query to the Controlling Officer of the Ministry of ICT, through a correspondence referenced I7 Vol.III/52, dated 2nd February 2021; however, there was no response received from the Controlling Officer.

50.1. Over Retirement of Imprest

An amount of **E23,319.62** was over retired by the Ministry of ICT at the end of the financial year ending 31st March 2020, as depicted by the Financial Statements of Imprest Outstanding, and the Government Accounting System. There was however no explanation as to how such over retirements occurred since it is not possible to bring more receipts than the actual cash allocated as imprest. In a situation like this, it is possible to collect irrelevant receipts to replenish the imprest, through trickery. Hence, over retirement of imprest is not an acceptable accounting practice. The same amount was also over retired at the end of the financial year 31st March 2019.

Financial and Accounting Instruction 1403 requires that 'the imprest must be retired on or before the date specified in the imprest warrant', which was the year end date, 31st March. The account should be zero balance by the end of each year. Further, Section 11, Paragraph 3.11 of the Financial Management and Accounting Procedures Manual states that the year-end balance on imprest accounts should be nil.

The over retirement of imprest is a tip of an iceberg indicating misappropriation of cash imprest and/or overstatement of expenditure or unaccounted for imprest. This amount distorts the Financial Statements and therefore misleading in decision-making.

The Controlling Officer was requested to provide an explanation of how such occurred, its implications and possible remedial action, however there was no response. Further,

the Ministry was advised to always adhere to laid down accounting procedures and regulations.

Through a memorandum referenced 14/2019/2020 dated 13th November 2020, the Accountant General stated that the audit query was forwarded to the Ministry and the Ministry requested an extension to respond by 11th November 2020, however the Controlling Officer did not respond.

The Controlling Officer did not respond; thus, contravened Financial and Accounting Instruction 0315(ii), which requires that Controlling Officer should respond to audit queries promptly.

51. Audit of Detailed Statement of Capital Expenditure

An audit of the Detailed Statement of Capital Expenditure for the financial year ended 31st March 2020 was conducted and I communicated the following audit queries to the Controlling Officer through a memo referenced I7 Vol.III/48 dated 12th November 2020.

51.1. Unauthorised Over Expenditure: Project G55770 – Development of a Document Management System

I observed that the Project G55770 – *Electronic Documents and Records Management System (EDRMS)* implemented by the Ministry, incurred an unauthorised over expenditure amounting to **E1,764,729.44** in the financial year ended 31st March 2020, as illustrated in the table below.

Ministry of Information, Communication and Technology	Appropriated Budget (E)	Funds Released (E)	Actual Expenditure (E)	Over Expenditure (E)	%
G55770 – Development of an Electronic Documents and Records Management System	2,025,000.00	1,636,000.00	3,400,729.44	1,764,729.44	108

Unauthorised over expenditure beyond the budget released as appropriated by parliament is not only unlawful but also has a serious effect on the fiscal budget. This was in contravention of Financial and Accounting Instruction number 0202 (ii), which states that Controlling Officers are responsible for ensuring that no amount is spent in excess of the amounts specified by Treasury Warrants.

Section 107(3)(j) read with Section 34(7) of the Public Finance Management Act of 2017, also states that “a public office and public officer, or other person with responsibility for government resources commits an offence of financial misconduct if, without lawful authority under this Act or other lawful authority, that person wilfully or negligently incurs unauthorised expenditures or makes unauthorised commitments. Any excess or any amount expended but not appropriated and which is not allowed under this section is treated as a loss of public moneys. As stated in the Section 34(5), unauthorised expenditure may lead to disciplinary actions.

I am not aware of any authority that allowed the Controlling Officer to spend beyond the authorised budget limit and corrective measures undertaken by the Ministry to strengthen the internal controls, and the assurance of their effectiveness to eliminate the occurrence of unauthorised (unappropriated) expenditure on the project.

I advised the Controlling Officer to avoid over expenditure on project funds, since it is unlawful and seriously affect the fiscal budget.

The Controlling Officer did not respond; thus, contravened Financial and Accounting Instruction 0315(ii), which requires that Controlling Officer should respond to audit queries promptly.

51.2. Under Expenditure on Project G579999 – E-Government

I noted that there was an under expenditure on Project G57999 – *E-Government* amounting to **E23,427,779.51** in the financial year ended 31st March 2020. The details are as follows:

Project Name	Appropriated Budget (E)	Funds Released (E)	Actual Expenditure (E)	Under Expenditure (E)	%
G57999 E-Government	49,445,000.00	49,444,853.00	26,017,073.49	23,427,779.51	47

Under expenditures of 10% or more in a year are considered to be not conducive to the development of the country. The under expenditure might indicate inefficiencies and delayed implementation of planned programs that were intended for economic development and improvement of the lives of the citizens and/or service delivery to the public.

Under expenditure is a serious concern as the unutilised funds deprive other Government programmes of planned development initiatives. Had the funds been accessible and/or used to finance other essential programmes, they would have contributed to development and economic growth of the country.

The Controlling Officer did not respond; thus, contravened Financial and Accounting Instruction 0315(ii), which requires that Controlling Officer should respond to audit queries promptly.

HEAD 44: ELECTIONS AND BOUNDARIES COMMISSION

52. Audit of Detailed Statement of Recurrent Expenditure

An audit of the Detailed Statement of Recurrent Expenditure for the financial year ended 31st March 2020 was conducted and my findings were communicated to the Controlling Officer through a memorandum referenced E24 Vol. I/60, dated 29th October 2020. The Controlling Officer responded through a memorandum referenced EBC/36, dated 12th October 2020; however, the following issues remain reportable.

52.1. Unauthorised Over Expenditure on Recurrent Vote

I observed that there was unauthorised over expenditures of **E3,001,849.57** on CTA Vehicle Charges, and **E325,885.53** on Personnel Costs incurred by the Elections and Boundaries Commission and Elections and Boundaries Secretariat Responsibility Centres, respectively. The sum of the unauthorised over expenditure was **E3,327,735.10**. The table below illustrates the over expenditures.

Responsibility Centre	Control Item	Appropriated Budget E	Released Budget E	Actual Expenditure E	Over Expenditure E	%
11 Elections and Boundaries Commission	CTA Vehicle Charges	2,969,398.00	2,969,392.00	5,971,241.57	3,001,849.57	101.1
12-Elections and Boundaries Secretariat	Personnel Costs	2,752,524.00	2,752,524.00	3,078,409.53	325,885.53	11.8
Total Over Expenditure on Recurrent Vote					3,327,735.10	

Over expenditure beyond the budget released as appropriated by parliament is not only unlawful but also has serious effect on the fiscal budget. This was in contravention of Financial and Accounting Instruction number 0202 (ii), which states that Controlling Officers are responsible for ensuring that no amount is spent in excess of the amounts specified by Treasury Warrants.

Section 107(3)(j) read with Section 34(7) of the Public Finance Management Act of 2017, also states that "a public office and public officer, or other person with responsibility for government resources commits an offence of financial misconduct if, without lawful authority under this Act or other lawful authority, that person wilfully or negligently incurs unauthorised expenditures or makes unauthorised commitments. Any excess or any amount expended but not appropriated and which is not allowed under this section is treated as a loss of public moneys. As stated in the Section 34(5), unauthorised expenditure may lead to disciplinary actions.

In his response, the Controlling Officer concurred with my observations of over expenditure on Personnel Costs and CTA Vehicle Charges. He provided the following explanations:

Personnel Costs: *The over expenditure on Personnel Costs was caused by the fact that the budget was based on the personnel on the ground for the financial year. Whilst prior to the appointment of new members of the commission, only three Commissioners were remunerated and there was no budget for the additional members who came into office, for their salaries, allowances, ex-gratia payment and once-off settling-in allowances.*

CTA Vehicle Charges: *The Commission noted the over-expenditure and under-expenditure on CTA charges for the same financial year, and have engaged the office of General Transport Manager (GTM) to assist with reconciliation of both Responsibility Centres as they reflect under spending and over spending. The Commission submitted that it remains concerned that CTA vehicle charges continue to escalate and they are not convinced that the billing is accurate and according to what they perceive to be correct. Once they receive the billing statement they shall be in a better position to respond with regards to the over expenditure of E3,001,859.57.*

To show that this anomaly continues unabated, even this current financial year ending 31st March 2021, the Commission have noted with concern the ballooning of CTA charges, hence they have written a memo to General Transport Manager seeking clarity in this regard, referenced EBC/24/1, dated 12th October 2020.

52.2. Under Expenditure on Recurrent Vote

I also observed that there were under expenditures amounting to **E562,630.84**: an under expenditure on CTA Vehicle Charges of E236,150.15, and an under expenditure on Travel, Transport and Communication of E326,480.69 incurred in the Elections and Boundaries Commission, and Elections and Boundaries Secretariat Responsibility Centres, respectively.

The table below illustrates the under expenditures.

Responsibility Centre	Control Item	Appropriated Budget	Released Budget	Actual Expenditure	Over Expenditure	%
		E	E	E	E	
11 Elections and Boundaries Commission	CTA Vehicle Charges	682,470.00	682,469.00	446,318.85	236,150.15	34.6
12-Elections and Boundaries Secretariat	Travel, Transport and Communication	2,177,787.00	2,177,787.00	1,851,306.31	326,480.69	15.0

Responsibility Centre	Control Item	Appropriated Budget	Released Budget	Actual Expenditure	Over Expenditure	%
		E	E	E	E	
Total Under Expenditure on Recurrent Vote					562,630.84	

Under expenditures of 10% or more in a year are considered to be not conducive to the development of the country. Under expenditure is a serious concern as the unutilised funds deprive other Government projects or programmes of planned development initiatives. Had the funds been accessible and/ or used to finance essential programmes, they would have contributed towards the development and economic growth of the country.

In his response the Controlling Officer acknowledged the under expenditure of E326,480.69 on Travel, Transport and Communication. He explained that in the 2019/20 financial year, the Commission received a statement from Eswatini Posts and Telecommunication Cooperation (EPTC) on outstanding telephone charges amounting to 401,576.24. This forced the Commission to have a reconciliation with the company in order to verify this debt before making payments. However, this took time and the Commission failed to utilise all budgets before the end of the financial year. The Commission has since finished the reconciliation exercise and currently sourcing funds to settle the 2019 telephone charges.

In conclusion, the Commission noted that the personnel costs are largest cost factor that have contributed to over spending. The Commission is committed to addressing the anomaly and intends to put in place the measures that will positively improve operations and internal controls in the future.

The Controlling Officer is commended for the detailed responses and commitment to eliminate the recurring unauthorised over expenditures and under expenditures.

HEAD 45: MINISTRY OF HEALTH

53. Audit of Detailed Statement of Recurrent Expenditure

An audit of the Detailed Statement of Recurrent Expenditure for the financial year ended 31st March 2020 was conducted and my findings were communicated to the Controlling Officer through a memorandum referenced M10 Vol. XIII/2, dated 2nd November 2020. The Controlling Officer responded through a memorandum referenced MH/208A, dated 9th November 2020; however, the following issues remain reportable.

53.1. Unauthorised Over Expenditure on Recurrent Vote

I observed that there were unauthorised over expenditures amounting to **E53,160,663.59** incurred by the Ministry. These include over expenditure on Drugs of **E52,427,342.78** incurred by the various HealthCare Centres; over expenditure on Personnel Costs of **E343,903.76** incurred by the Curative Medicine Centre; and over expenditure on CTA Vehicle Charges of **E389,417.05** incurred by the Hhohho HealthCare Services Centre, as illustrated in the table below.

Control Item	Responsibility Centre	Appropriated Budget	Released Budget	Actual Expenditure	Over Expenditure	%
		E	E	E	E	
Drugs	12 National Referral Centre	42,165,050.00	42,165,048.00	71,237,938.37	29,072,890.37	69.0
	42 Manzini Health care Services	11,161,614.00	11,161,612.00	20,183,767.39	9,022,155.39	80.8
	43 Shiselweni Health Services	16,836,893.00	16,836,892.00	23,418,322.65	6,581,430.65	39.1
	44 Lubombo Health care Services	6,369,000.00	6,369,000.00	10,158,546.61	3,789,546.61	59.5
	45 Hhohho Health Care Services	15,011,103.00	15,011,100.00	18,972,419.76	3,961,319.76	26.4
Over Expenditure on Drugs			91,543,652.00	143,970,994.80	52,427,342.78	

Personnel Costs	21 Curative Medicine	1,900,579.00	1,900,572.00	2,244,475.76	343,903.76	18.1
	Over Expenditure on Personnel Costs				343,903.76	
CTA Vehicle Charges	45 Hhohho Health Care Services	1,222,259.00	1,222,258.00	1,611,675.05	389,417.05	31.9
	Over Expenditure on CTA Vehicle Charges				389,417.05	

Over expenditure beyond the budget released as appropriated by parliament is not only unlawful but also has serious effect on the fiscal budget. This was in contravention of

Financial and Accounting Instruction number 0202 (ii), which states that Controlling Officers are responsible for ensuring that no amount is spent in excess of the amounts specified by Treasury Warrants.

Section 107(3)(j) read with Section 34(7) of the Public Finance Management Act of 2017, also states that “a public office and public officer, or other person with responsibility for government resources commits an offence of financial misconduct if, without lawful authority under this Act or other lawful authority, that person wilfully or negligently incurs unauthorised expenditures or makes unauthorised commitments. Any excess or any amount expended but not appropriated and which is not allowed under this section is treated as a loss of public moneys. As stated in the Section 34(5), unauthorised expenditure may lead to disciplinary actions.

In his response referenced MH/208A, dated 9th November 2020, the Controlling Officer concurred with my observations on the over expenditures. He provided the following explanations.

Over expenditure on Drugs of E52,427,342.78 incurred by the various Health Care Centres

All health facilities requisition pharmaceuticals and medical supplies from the Central Medical Stores (CMS) on a regular basis, during the course of the financial year. Thereafter, the Central Medical Stores debit the facilities budget with the amount of the requisitioned supplies. But, due to the high demand for pharmaceuticals and medical supplies by health facilities comparing to the declining yearly budget, over-expenditures are inevitably incurred. Over and above that, due to the introduction of the Public Finance Management Act of 2017, the Ministry was not able to utilize savings from other item codes to replenish the over expenditures.

*The over expenditures on this item were mainly incurred by the National Referral Hospitals, especially Mbabane Government Hospital, which accounted for an over-expenditure amounting to **E27,799,826.29**. Apart from the fact that the Mbabane Government Hospital requisition its own pharmaceuticals and medical supplies from Central Medical Stores which are financed through their budget, a decision was taken by Government that the Raleigh Fitkin Memorial Hospital (RFM) should also requisition their pharmaceutical and medical supplies from the Central Medical Stores. But these supplies are paid for through the account of the Mbabane Government Hospital and not paid by RFM, resulting to the budget of Mbabane Government Hospital being overstretched.*

Over Expenditure on CTA Vehicle Charges of E389,417.05 incurred by the Hhohho HealthCare Services Centre

As reported by the Ministry during the audit of the financial year ending on the 31 March 2019, an analysis on the CTA expenses conducted by Ministry revealed that a high proportion of the expenditure goes towards maintenance of the vehicles because more than 70% of our fleet are more than five (5) years old. The Ministry has the Emergency Preparedness Response (EPR) unit which has a fleet stationed at strategic areas in all the regions of the country and operate for 24 hours daily, thus the fuel consumption is increased. Also, it has the referral schemes (Phalala and Civil Servants) whereby patients are regularly transported to the Republic of South Africa and Republic of Mozambique for special medical care and treatment.

Most of our vehicles are travelling long distances in the country to provide transport services to patients being referred for tertiary or specialised care, which increased fuel consumption. Further, the Central Medical Stores (CMS) distributes pharmaceutical drugs and vaccines to all health facilities in the Kingdom which consumes a high volume of fuel.

The response of the Controlling Officer does not address the unauthorised over expenditure on CTA Vehicle Charges of E389,417.05 incurred by the Hhohho HealthCare Services Centre.

Over Expenditure on Personnel Costs of E343,903.76 incurred by the Curative Medicine Centre

*The over expenditure on personnel costs is mainly due to on-call and standby allowances paid to certain health personnel who are expected to be available in order to provide services to patients beyond normal working hours. **The on-call and standby allowances paid amounted to E55,354,319.36 for the period from 1st April 2019 to 30th September 2019.** On-call has been necessitated by the shortages in medical personnel such that it is still not possible to conduct a shift system of working. On-call is claimed using a formula which was approved by Government, which is 1% of the officer's annual salary and paid for every 20 hours on the on-call worked.*

The following cadres have been approved through the Ministry of Public Service to claim for on-call, as long as they are on the facilities duty roster; Medical Specialists, Senior Medical Officers, Medical Officers, Staff Nurses in theatre, Laboratory Technicians, Laboratory Technologies, Radiographers, Ultrasonographers, Pharmacists, Pharmacy Technicians, Biomedical staff. The expenditure has been increased due to:

- *The increasing number of personnel, especially doctors, coupled with increasing demand for new services, such as renal dialysis, chemotherapy and other means that there will be more doctors doing on-call even in the new Departments.*
- *Increases in salaries through notching or Cost of Living Adjustments resulted in an increase in the on-call amount since the formula is based on basic salary.*
- *Previously on-call was paid through the utilization of vacant posts. But, as these posts are being frozen or filed up, the expenditure on personnel costs escalate. As a result, on-call and standby allowances are now budgeted for.*

During the course of the financial year, under review, the Novel Coronavirus (COVID-19) pandemic emerged which was later declared a national emergency by the Government. Subsequently, upon approval by Cabinet additional staff of various categories was employed on contract for a period of twelve months. This resulted in an exorbitant expenditure on personnel which was not budgeted for during the financial year.

The staff complement employed on contract is tabulated as follows:

<i>CADRES</i>	<i>NUMBER OF STAFF</i>
<i>Medical Officers</i>	<i>18</i>
<i>Staff Nurses</i>	<i>264</i>
<i>Orderlies</i>	<i>107</i>
<i>General Nurses</i>	<i>78</i>
<i>Nursing Assistants</i>	<i>43</i>
<i>Paramedics</i>	<i>56</i>
<i>Environmental Health Officers</i>	<i>33</i>
<i>Laboratory Technologists</i>	<i>14</i>
<i>Pharmacy Technicians</i>	<i>11</i>
<i>Radiographers</i>	<i>10</i>
<i>Network Engineers</i>	<i>9</i>
<i>Monitoring & Environmental Analysts</i>	<i>4</i>
<i>Regional Surveillance</i>	<i>3</i>
<i>Assistant HMIS Analysts</i>	<i>3</i>
<i>Computer Programmers</i>	<i>2</i>
<i>Pharmacist</i>	<i>1</i>
<i>Ultra Sonographer</i>	<i>1</i>
<i>Total</i>	<i>657</i>

The response of the Controlling Officer did not address the unauthorised over expenditure on Personnel Costs of E343,903.76 incurred by the Curative Medicine Centre.

The response of the Controlling Officer is appreciated; however, I am not satisfied with the justification for over expenditure.

53.2. Under Expenditure on Recurrent Vote

I also observed that there were unauthorised under expenditures amounting to **E137,046,244.10** incurred on various control items by the Ministry's different Responsibility Centres. Under expenditures on CTA Vehicle Charges of **E8,293,580.80**; Travel, Transport and Communication of **E7,496,999.63**; Drugs of **E112,064,620.97**; Personnel Costs of **E7,407,377.07**; Consumables Materials and Supplies of **E1,195,880.40**; and Professional and Special Services of **E587,785.23**, were observed, as illustrated in the table below.

Control Item	Responsibility Centre	Appropriated Budget	Released Budget	Actual Expenditure	Under Expenditure	%
		E	E	E	E	
CTA Vehicle Charges	10 Minister's Office	174,600.00	174,500.00	113,613.09	60,886.91	34.9
	12 National Referral Hospital	1,148,136.00	1,148,136.00	613,175.84	534,960.16	46.6
	32 Preventive Medicine	3,020,632.00	3,020,626.00	1,419,949.34	1,600,676.66	53.0
	41 Curative Medicine	35,446.00	35,446.00	10,334.49	25,111.51	70.8
	42 Manzini Health Care services	10,441,530.00	10,441,524.00	8,944,811.82	1,496,712.18	14.3
	43 Shiselweni Health Care Services	7,480,365.00	7,480,364.00	5,129,768.30	2,350,595.70	31.4
	44 Lubombo Health Care Services	6,829,999.00	6,829,996.00	4,605,358.32	2,224,637.68	32.6
	Under Expenditure on CTA Vehicle Charges		29,130,593.00	20,837,011.20	8,293,580.80	
Travel, Transport and Communication						
	11 Ministry Administration	36,618,531.00	35,872,866.00	28,775,368.63	7,097,497.37	19.8
	12 National Referral Hospital	289,958.00	282,419.00	237,155.39	45,263.61	16.0
	21 Medical Support Services	353,880.00	338,560.00	299,721.75	38,838.25	11.5
	32 Preventive Medicine	110,841.00	91,978.00	68,398.26	23,579.74	25.6
	42 Manzini Health Care Services	281,277.00	274,714.00	192,916.48	81,797.52	29.8
	43 Shiselweni Health care Services	114,180.00	101,866.00	55,417.76	46,448.24	45.6
	44 Lubombo Health Care Services	308,802.00	303,685.00	184,925.89	118,759.11	39.1
	45 Hhohho Health Care Services	279,222.00	249,871.00	205,055.21	44,815.79	17.9

	Under Expenditure on Travel, Transport and Communication		37,515,959.00	30,018,959.37	7,496,999.63	
Drugs						
	11 Ministry Administration	105,241,624.00	105,241,620.00	76,673,227.73	28,568,392.27	27.1
	51 Directorate Office	386,671,152.00	386,671,152.00	303,174,923.30	83,496,228.70	21.6
	Under Expenditure on Drugs		491,912,772.00	379,848,151.00	112,064,620.97	
Personnel Costs						
	21 Medical Support Services	39,614,721.00	39,614,708.00	32,207,330.93	7,407,377.07	18.7
	Under Expenditure on Personnel Costs				7,407,377.07	
Consumables Materials and Supplies						
	10-Minister's Office	2,160.00	1,440.00	0.00	1,440.00	100
	32-Preventive Medicine	5,229,417.00	4,537,186.00	3,785,311.32	751,874.68	16.6
	44-Lubombo HealthCare Services	2,336,894.00	1,956,035.00	1,513,469.28	442,565.72	22.6
	Under Expenditure on Consumables		6,494,661.00	5,298,780.60	1,195,880.40	
Professional and Special Services						
	45-Hhhohho HealthCare Services	3,690,017.00	3,607,318.00	3,019,532.77	587,785.23	16.3
	Under Expenditure on Professional and Special Services				587,785.23	
Total Under Expenditure on Recurrent Vote					137,046,244.10	

Under expenditures of 10% or more in a year are considered to be not conducive to the development of the country. Under expenditure is a serious concern as the unutilised funds deprive other Government projects or programmes of planned development initiatives. Had the funds been accessible and/or used to finance essential programmes, they would have contributed towards the development and economic growth of the country.

In his response the Controlling Officer acknowledged the under expenditures, and he provided the following explanations.

CTA Vehicle Charges – E8,293,580.80: *The under expenditure on this item was due to the fact that during the course of the financial year, the CTA did not post any charges, or the charges were so negligible in amount. For instance, under the Minister's Office, no charges were posted for April, June, and December 2019. Under the National Referral Hospitals, in December 2019 and March 2020, the charges were at E1,161.35 and E1,104.90 respectively, whereas during the other months the charges were above*

E50,000.00. Under Curative Medicine, the charges for April 2019, May 2019, August 2019, September 2019, October 2019, November 2019, December 2019 (E0.00), January 2020, and February 2020 the charges were at E43.32 which is not realistic compared with the charges for June 2019 E2,741.07) and July 2019 (E6,748.32).

Travel, Transport and Communication – E7,496,999.63: *The under expenditure on this item was mainly incurred by the Ministry's Administration due to a supplementary budget of E20,240,334.00 received towards the end of the financial year for the payment of communication bills and it was not possible to exhaust these funds before the financial year ended. On the other hand, due to the COVID-19 pandemic, external travel was suspended which resulted to savings on this item.*

Drugs – E112,064,620.97: *The under expenditure for this item was mainly incurred by the Directorate Office due to a supplementary budget of **E112,227,674.00** received towards the end of the financial year for the procurement of ARVs drugs. It was not possible to exhaust these funds through the issuance of purchase orders to suppliers and invoices issued to facilitate payments before the financial year ended.*

As mentioned before, due to the introduction of the Public Finance Management Act of 2017, the Ministry was not able to utilize the savings (under-expenditures) to replenish other items (over-expenditures) which has the 5% limit for allowable reallocations.

The under expenditure on Drugs consist of under expenditure of E28,568,392,.27 incurred by the Ministry Administration and of E83,496,228.70 incurred by the Directorate Office.

The response of the Controlling Officer did not address the under expenditures on Personnel Costs of E7,407,377.07; Consumables Materials and Supplies of E1,195,880.40; and Professional and Special Services of E587,785.23.

The Controlling Officer is commended for the detailed responses, though there was no commitment to eliminate the recurring over and under expenditures.

In his response referenced MH/203A dated 15th January 2021, the Controlling Officer confirmed their initial response dated 9th November 2020.

54. Audit of Detailed Statement of Capital Expenditure

An audit of the Detailed Statement of Capital Expenditure for the financial year ended 31st March 2020 was conducted and my audit finding was communicated to the Principal Secretary through a memorandum referenced M10 VOL.XIII/14 dated 15th January 2021. The Controlling Officer responded through a memorandum referenced H252 dated 24th February 2021.

54.1. Under Expenditure on Project H33070 - Rehabilitation of Mbabane Government Hospital

I noted that there was an under expenditure on Project H33070 – *Rehabilitation of Mbabane Government Hospital* amounting to **E5,757,087.36**. The details are as follows:

Project Name	Revised Provision (E)	Released Funds (E)	Actual Expenditure (E)	Under Expenditure (E)	%
H33070 – Rehabilitation of Mbabane Government Hospital	85,050,000.00	48,775,712.00	43,018,624.64	5,757,087.36	11.8

Under expenditures of 10% and above on capital projects in the year are not conducive to the economic development of the country. The under expenditure might indicate inefficiencies and delayed implementation of planned programs that were intended to improve the hospital infrastructure, health system and/or service delivery to the public.

Under expenditure is a serious concern as the unutilised funds deprive other Government programmes of planned development initiatives. Had the funds been accessible and/or used to finance other essential programmes, they would have contributed to development and improved health system of the country. Under expenditure of 10% or more in a year are considered to be not conducive to the development of the country.

In his response, the Controlling Officer acknowledged my observation and explained that the under expenditure was as a result of savings due to the dollar exchange rate.

The response of the Controlling Officer is appreciated.

55. Audit of Ministry of Health UNICEF

An audit of the Ministry of Health UNICEF - Appendix 55 for the financial year ended 31st March 2020 was conducted and an audit query was communicated to the Controlling Officer through a memorandum dated 14th December 2020. The Controlling Officer responded through a memorandum referenced MH/203A, dated 28th January 2021.

55.1. Unreported Expenditure – UNICEF Health Programme

I noted that the UNICEF – Health Programme Financial Statements reported unutilised funds amounting to **E739,312.52**, whilst the Controlling Officer of the Ministry of Health reported that the funds were used and direct payments to the vendors were facilitated by UNICEF. The Accountant General was aware about the arrangement of bypassing the procurement and tendering process to prevent delays in the implementation of activities, and transferring the funds to UNICEF Account to facilitate direct payments. However, the expenditure incurred from the direct payments was not reported and/or disclosed in the financial statements by the Accountant General and Controlling Officer.

The details of the expenditures incurred through direct payments are depicted in the table below:

Date	Invoice Number	Payee	Amount (E)
05/08/2019	135444	Happy Valley Hotel	90,437.00
05/08/2019	135444	Happy Valley Hotel	48,372.50
21/08/2019	19918	Simunye Country Club	153,511.00
21/08/2019	90461	Nkonyeni Golf Course	150,042.00
22/08/2019	466	Magandzavane Lodge	34,545.00
22/08/2019		Siteki Hotel	75,665.07
02/09/2019	5398	Phumula Guest House	92,765.00
24/09/2019	62050	The George Hotel	78,827.00
Total Direct Payments – Undisclosed Expenditure			724,164.57
Total Funds Transferred to UNICEF Account			739,312.52
Funds Remained Unutilised as at 31st March 2020			15,147.95

Financial and Accounting Instruction number 0203 (ii) requires that the Controlling Officer and Accounting Officers should promptly bring to account all public monies.

According to Section 10 (1)(d) of the Public Finance Management Act (2017), the Accountant General should be responsible for the compilation and management of the accounts of government. Further, Section 10 (1)(b) states that the Accountant General should be responsible for the custody and safety of public money and other resources of government under the control of the Accountant General and the setting of standards

and monitoring standards for the custody and safety of money and other resources of government not under the control of the Accountant General.

Financial and Accounting Instruction No. 0202, 1970 states that "Controlling Officers are responsible for ensuring that a proper system of accounts as prescribed in instructions by or under the Authority of the Accountant General is established and maintained." Further, Financial and Accounting Instruction number 0203 (X) states that Accounting Officers must ensure that all books of account are correctly posted and kept up-to-date.

In response the Controlling Officer explained that the reported unutilized UNICEF Health Programme funds amounting to E739,312.52 were earmarked for conducting residential training for approved activities for health care workers during the reporting period from the 1st April 2019 to 30th June 2019. Due to cumbersome and delays in the procurement and tendering process, a consensus was reached that direct payments to the vendors were to be made by UNICEF to prevent delays in the implementation of activities. The Accountant General was requested to transfer the funds from the Central Bank of Eswatini back to UNICEF to facilitate the direct payments.

Through an unreferenced memorandum dated 5th February 2021, the Accountant General stated that the amounts were closing balances for last financial year 2018/2019 and were transferred to this financial year 2019/2020 in order to pay outstanding commitments.

The response of the Controlling Officer is appreciated; however, it does not address the anomaly of unreported expenditure.

56. Audit of Special Care Medical Aid (Phalala) Fund

An audit of the Special Care Medical Aid (Phalala) Fund (Appendix 32) Financial Statement for the financial year ended 31st March 2020 was conducted and audit queries were communicated to the Controlling Officer through a memorandum referenced M10 Vol. XIII/8, dated 8th December 2020. The Ministry responded through a memorandum referenced MH/208A, dated 15th December 2020. However, the following audit queries remain reportable.

56.1. Overdrawn Balance – Special Care Medical (Phalala) Fund

I noted that the Special Care Medical (Phalala) Fund Account had an overdrawn balance of E1,359,377,101.63, with no activities of income and expenditure. The overdrawn balance of the Special Care Medical (Phalala) Fund (Account 62101) was disclosed as E1,359,309,592.58 under the assets, category of Special Funds in the Detailed Statement of Assets; reflecting an understated amount of E67,509.05. The closing balance in the Special Care Medical Aid Fund Statement does not agree with the balance in the Detailed Statement of Assets.

The Special Care Medical (Phalala) Fund Account has been depicting an overdrawn balance over a period of five years, which remains uncleared by the Ministry. In a memo referenced A2/2019/2020/22, dated 5th February 2021, the Accountant General stated that it was true that Phalala (Special Medical) Fund started operating as a Special Fund, however, the operation of the Fund had great difficulty due to insufficient funds, it ended up operating as 'Below the Line' Account and incurred unauthorised over expenditures over the past fiscal years.

In his response the Controlling Officer acknowledged my observations and stated that the recommendation of correcting the misstatements will be adhered to.

The response of the Controlling Officer is appreciated; however, the matter remains unresolved.

56.2. Undisclosed or Unreported Outstanding Debts for Special Care Medical Aid (Phalala) Fund

I observed that the outstanding debts and/or unpaid invoices (bills) from the service providers for the Special Care Medical Aid (Phalala) Fund were not disclosed or reported in the Financial Statements. As such the debts inventory was not brought into the books of accounts.

To ascertain the authenticity of the debts, I requested a breakdown of outstanding debts and unpaid invoices from the service providers, Invoice Registers and Service Providers' Ledger Accounts, however I was not provided with the information relating to the outstanding debts. In the past, I reported double payments due to duplication of invoices by the service providers from South Africa, and had also requested a justification for 'value for money' in the engagement of Health-Shell Agent.

There is a risk that the total outstanding debts or unpaid invoices remain uncertain and unreported by the Principal Secretary – Health and the Accountant General.

I advised the Ministry and Accountant General that all outstanding debts should be disclosed in the Financial Statements as at year end, to reflect the true and fair view of the position of the liabilities (arrears) of Government. Further, as effort to sustain funding of the Healthcare Medical Aid programme, the Ministry of Health, Finance and Accountant General should consider the establishment of Compulsory Contributory Special Healthcare Medical Aid Fund by all Civil Servants (public officers).

In response, the Controlling Officer stated that the Ministry took note of the advice to disclose all outstanding debts as at year end to reflect a true position of arrears. With regards to the establishment of a Compulsory Contributory Special Healthcare Medical Aid Fund by public officers, he stated they will engage the Ministry of Finance, Accountant General and relevant stakeholders.

The response of the Controlling Officer is appreciated; however, the matter remains unresolved. since the outstanding debts remain unknown and undisclosed in the financial statements. I am not convinced why the outstanding debts were not reported and were not availed for audit to the Office of the Auditor General. There is high risk of double payments and/or paying for bills/invoices of services not rendered. Hence, I recommend that outstanding arrears are authenticated by the Director of Internal Audit before they are paid, to avoid misappropriation of public funds through errors and/or fraud.

57. Health Sector Study (Appendix 88)

57.1. Overdrawn Balance

In my memo referenced M10 Vol.XIII, dated 8th December 2020, I communicated that the Health Sector Study Trading Account is inactive and continues to show an overdrawn balance of **E456,289.17** over a period of five years. The overdrawn balance indicates over expenditure or losses incurred in the past years that were treated as an overdraft and it was hoped to be recovered or repaid from surplus in good times.

The Ministry has been reluctant to clear the overdrawn balance of the programme that ceased to operate long time ago, against surplus or savings earned. The financial statements continue to present an irrecoverable investment made in this programme. The Accountant General had advised the Ministry to request for a write-off to clear the overdrawn balance from the Losses Committee but the Controlling Officer ignored this advice.

In his response, the Controlling Officer acknowledged my observations and confirmed the overdrawn investment balance of E456,289.17 and stated that the balance will be referred to the Losses Committee for consideration of a write-off.

The response of the Controlling Officer is appreciated, and a follow up on this matter will be conducted in the next audit.

HEAD 46: MINISTRY OF JUSTICE AND CONSTITUTIONAL AFFAIRS

58. Audit of Detailed Statement of Recurrent Expenditure

An audit of the Detailed Statement of Recurrent Expenditure for the financial year ended 31st March 2020 was conducted and my findings were communicated to the Controlling Officer through a memorandum referenced J4 Vol. VIII/47, dated 2nd November 2020. The Controlling Officer responded through a memorandum referenced JU 3/2/2 dated 13th November 2020; however, the following issues remain reportable.

58.1. Unauthorised Over-Expenditure on Recurrent Vote

I observed that there was an unauthorised over expenditure of **E70,321.53** incurred on Travel, Transport and Communication by the Law Office of the Ministry. The table below illustrates the over expenditures.

Responsibility Centre	Control Item	Appropriated Budget	Released Budget	Actual Expenditure	Over Expenditure	%
21 - Law Office		E	E	E	E	
	Travel, Transport and Communication	74,702.00	49,796.00	120,117.53	70,321.53	141.2

Over expenditure beyond the budget released as appropriated by Parliament is not only unlawful but also has serious effect on the fiscal budget. This was in contravention of Financial and Accounting Instruction number 0202 (ii), which states that Controlling Officers are responsible for ensuring that no amount is spent in excess of the amounts specified by Treasury Warrants.

Section 107(3)(j) read with Section 34(7) of the Public Finance Management Act of 2017, also states that “a public office and public officer, or other person with responsibility for government resources commits an offence of financial misconduct if, without lawful authority under this Act or other lawful authority, that person wilfully or negligently incurs unauthorised expenditures or makes unauthorised commitments. Any excess or any amount expended but not appropriated and which is not allowed under this section is treated as a loss of public moneys. As stated in the Section 34(5), unauthorised expenditure may lead to disciplinary actions.

In her response, the Controlling Officer acknowledged the over expenditure on Travel, Transport and Communication and stated that it can be attributed to inadequate funding of the budget, which is not commensurate to the diverse and continuously escalating operational activities that fall under the Law Office. A large portion of the over expenditure emanated from External Travel and Communication expenses.

The response of the Controlling Officer is appreciated; however, there is no justification for over expenditure.

58.2. Under Expenditure on Recurrent Vote

I also observed that there was an under expenditure of **E10,736,419.18** on various control items incurred by the Ministry's different Responsibility Centres. Under expenditures on: CTA Vehicle Charges of **E285,051.49**; Personnel Costs of **E433,355.04**; Travel, Transport and Communication of **E4,243,521.98**; Professional and Special Services of **E5,275,428.27**; Consumables Materials and Supplies of **E378,773.35**; Durables Materials and Equipment of **E82,288.05**; and Grants and Subsidies - External of **E38,001.00**, were observed, as illustrated in the table below.

Control Item	Responsibility Centre	Appropriated Budget	Released Budget	Actual Expenditure	Under Expenditure	%
CTA Vehicle Charges		E	E	E	E	
	10 Minister's office	224,600.00	224,600.00	193,390.24	31,209.76	13.9
	21 Law Office	468,160.00	395,440.00	334,182.54	61,257.46	15.5
	23 State Law Office	737,260.00	651,505.00	515,737.97	135,767.03	20.8
	31 Registration	114,753.00	76,500.00	19,682.76	56,817.24	74.3
Under Expenditure on CTA Vehicle Charges					285,051.49	
Personnel Costs						
	41 Human rights commission	2,353,284.00	2,353,284.00	1,919,928.96	433,355.04	18.4
Travel, Transport and Communication						
	10 Minister's office	1,336,762.00	1,321,952.00	717,273.16	604,678.84	45.7
	11 Ministry Administration	6,423,889.00	6,406,085.00	3,732,915.80	2,673,169.20	41.7
	23 State Law Office	2,877,345.00	2,801,557.00	1,835,883.06	965,673.94	34.5
	Sub-total				4,243,521.98	
Professional and Special Services						
	11 Ministry Administration	1,422,043.00	1,400,303.00	543,212.02	857,090.98	61.2
	21 Law Office	14,307,634.00	9,758,050.00	6,443,878.48	3,314,171.52	34
	23 State Law Office	5,590,130.00	3,423,163.00	2,947,658.03	475,504.97	13.9
	41 Human Rights Commission	3,014,806.00	3,014,806.00	2,386,145.20	628,660.80	20.9
	Sub-total				5,275,428.27	
Consumables Materials and Supplies						
	10 Ministers office	357	236	-	236	100
	11 Ministry Administration	569,226.00	559,607.00	395,606.65	164,000.35	29.3
	21 Law Office	1,896.00	1,264.00	-	1,264.00	100

	23 State Law Office	268,558.00	245,703.00	32,430.00	213,273.00	86.8
	Sub-total				378,773.35	33.3
Durables Materials and Equipment						
	11 Ministry Administration	500,000.00	500,000.00	417,711.95	82,288.05	16.5
Grants and Subsidies - External						
	Ministry Administration	38,001.00	38,001.00	-	38,001.00	100
Total Under Expenditure on Recurrent Vote					10,736,419.18	

Under expenditure is a serious concern as the unutilised funds deprive other Government projects or programmes of planned development initiatives. Had the funds been accessible and/ or used to finance essential programmes, they would have contributed towards the development and economic growth of the country. Under expenditures of 10% or more in a year are considered to be not conducive to the development of the country.

In her response the Controlling Officer explained that the Ministry was forced to suspend programmes and activities earmarked for the fourth quarter as per the dictates of the National Policy relating to lockdown due to Covid-19 Pandemic making it difficult to perform duties to full strength. The suspended programmes resulted to unutilized funds. Further, a supplementary budget was released on 31 March 2020 giving the Ministry limited time to execute. Moreover, according to the Public Finance Management Act of 2017 reconciliation of all accounts should be done during the period of 1st April 2020 to 30th June 2020 and the process could not be performed as the country was on lockdown due to reduced human resources resulting to missing deadlines. Initiated reconciliation processes were not timely completed due to the non-availability of other stakeholders critical in the reconciliation process. She further stated that, ideally, this was a regrettable situation which was not anticipated.

In light of the above, the Ministry undertakes to avoid the anomalies in future and consider reconciling all accounts on a quarterly basis.

The Controlling Officer is commended for the detailed responses, and commitment to eliminate the recurring over and under expenditures is encouraged.

HEAD 47: ANTI-CORRUPTION COMMISSION

59. Audit of Detailed Statement of Recurrent Expenditure

An audit of the Detailed Statement of Recurrent Expenditure for the financial year ended 31st March 2020 was conducted and my findings were communicated to the Controlling Officer through a memorandum referenced A4 (B)/10, dated 2nd November 2020. The Controlling Officer responded through a memorandum referenced ACC 10/1, dated 19th November 2020; however, the following issues remain reportable.

59.1. 1. Under Expenditure on Recurrent Vote

I observed that there were under expenditures amounting to **E6,209,455.43** on various control items incurred by the Anti-Corruption Commission. Under expenditures on: Personnel Costs of E3,252,169.96; Professional and Special Services of E2,419,951.01; Travel, Transport and Communication of E220,872.90; Consumables Materials and Supplies of E85,920.11; and Durables Materials and Equipment of E230,541.45 were observed, as illustrated in the table below.

Control Item	Appropriated Budget (E)	Released Budget (E)	Actual Expenditure (E)	Under Expenditure (E)	%
Personnel Costs	14,469,777.00	14,469,772.00	11,217,602.04	3,252,169.96	22.5
Travel, Transport and Communication	987,841.00	987,841.00	766,968.10	220,872.90	22.4
Professional and Special Services	9,518,005.00	4,329,155.00	1,909,203.99	2,419,951.01	55.9
Consumables Materials and Supplies	834,179.00	408,984.00	323,063.89	85,920.11	21.0
Durables Materials and Equipment	1,650,000.00	450,000.00	219,458.55	230,541.45	51.2
Over Expenditure - Recurrent Vote		20,645,752.00	14,436,296.57	6,209,455.43	30.1

Under expenditures of 10% or more in a year are considered to be not conducive to the development of the country. Under expenditure is a serious concern as the unutilised funds deprive other Government projects or programmes of planned development initiatives. Had the funds been accessible and/ or used to finance essential programmes, they would have contributed towards the development and economic growth of the country.

In his response the Controlling Officer acknowledged the under expenditure of E6,209,455.43 on various control items, and he provided the following explanations.

Personal Costs: The under expenditure of E3,252,169.96 on Personnel Costs was as a result of unfilled positions of the Deputy Commissioner Administration, Legal Advisor, IT Officer and the Principal Accountant which were initially budgeted for but due to the freezing of vacant posts by the Government it could not materialised.

Travel, Transport and Communication: The under-expenditure on Travel, Transport and Communication of E220,872.90 was caused by the reduced budget allocation under this item resulting in re-allocation from other items. The re-allocations were made because there were anticipated external travel trips which could not materialize due to cancellation of a statutory meeting.

Professional and Special Services: Amongst other activities resources were budgeted for the establishment of a special investigative unit which could not be undertaken since we relied on sister agencies, hence there was the under expenditure of E2,419,951.01.

Consumables: We had initially budgeted for consumables like toilet paper and cleaning materials but as we relocated to Sibekelo Building we found that the Landlord had outsourced the cleaning of the toilets, thus the department make some savings on those budget line items.

Durables and Equipment: The department moved offices from Mbandzeni to Sibekelo building and part of the funds budgeted under this item was for office partitioning. This was not done because of the time we moved to our new offices and the time taken for the approval of the authority to procure at the Ministry of Finance. As a result, the year lapsed before the process was completed.

The Controlling Officer is commended for the detailed responses, though there is no commitment to eliminate the recurring under expenditures.

HEAD 48: JUDICIARY

60. Audit of Detailed Statement of Recurrent Expenditure

An audit of the Detailed Statement of Recurrent Expenditure for the financial year ended 31st March 2020 was conducted and my findings were communicated to the Controlling Officer through a memorandum referenced J26A Vol.I/26, dated 2nd November 2020. The Controlling Officer responded through a memorandum referenced JSC dated 30th December 2020.

60.1. Unauthorised Over-Expenditure on Recurrent Vote

I observed that there was an over expenditure of **E3,711,261.93** incurred by the Judiciary. Over expenditures on CTA Vehicle Charges of **E1,686,692.39**, and Personnel Costs of **E2,024,569.54** were incurred by the Registrar of High Court and Judiciary Departments, respectively. The table below illustrates the over expenditures.

Responsibility Centre	Control Item	Appropriated Budget	Released Budget	Actual Expenditure	Over Expenditure	%
		E	E	E	E	
Registrar of High Court	Personnel Costs	14,978,799.00	14,978,796.00	17,003,365.54	2,024,569.54	13.5
	CTA Vehicle Charges	1,377,252.00	918,165.00	2,477,041.67	1,558,876.67	169.8
Judiciary	CTA Vehicle Charges	121,160.00	80,768.00	208,583.72	127,815.72	158.3
Total Over Expenditure on Recurrent Vote					3,711,261.93	

Over expenditure beyond the budget released as appropriated by parliament is not only unlawful but also has serious effect on the fiscal budget. This was in contravention of Financial and Accounting Instruction number 0202 (ii), which states that Controlling Officers are responsible for ensuring that no amount is spent in excess of the amounts specified by Treasury Warrants.

Section 107(3)(j) read with Section 34(7) of the Public Finance Management Act of 2017, also states that "a public office and public officer, or other person with responsibility for government resources commits an offence of financial misconduct if, without lawful authority under this Act or other lawful authority, that person wilfully or negligently incurs unauthorised expenditures or makes unauthorised commitments. Any excess or any amount expended but not appropriated and which is not allowed under this section is

treated as a loss of public moneys. As stated in the Section 34(5), unauthorised expenditure may lead to disciplinary actions.

In her response, the Controlling Officer explained that the amount which was released to the Judiciary under CTA Vehicle Charges was meagre as it was only E198,168.00 compared to the E1,377,252.00 that was budgeted for. The motor vehicle expenses are for running all the Courts under Judiciary when executing their daily duties.

The Controlling Officer stated that the over expenditure on the Personnel Costs incurred by the Registrar of High Court was caused by the fact that allocated budget was not enough for the activities. Moreover, he specified that sitting allowances for members of the Industrial Court which are supposed to be paid under Activity 12 Centre 1209, were paid under Personnel item (01).

The response of the Controlling Officer is appreciated; however, there is no justification for unauthorised over expenditure.

60.2. 2. Under Expenditure on Recurrent Vote

I also observed that there were under expenditures amounting to **E4,823,300.28** incurred by the Judiciary. Under expenditures on Personnel Costs of E2,882,359.58; Travel, Transport and Communication of E843,703.72; Professional and Special Services of E729,669.90; and Consumables of E367,567.08, were incurred by the Registrar of High Court and Judiciary Departments, respectively. The table below illustrates the under expenditures.

Responsibility Centre	Control Item	Appropriated Budget	Released Budget	Actual Expenditure	Under Expenditure	%
		E	E	E	E	
Judiciary	Personnel Costs	21,256,105.00	21,131,083.00	18,248,723.42	2,882,359.58	13.6
Registrar of High Court	Travel, Transport and Communication	4,227,788.00	3,170,039.00	2,326,335.28	843,703.72	26.6
Judiciary	Professional and Special Services	8,253,857.00	5,665,452.00	4,935,782.10	729,669.90	12.9
Registrar of High Court	Consumable Materials and Supplies	1,343,820.00	1,237,760.00	921,971.51	315,788.49	25.5
Judiciary	Consumable Materials and Supplies	139,801.00	74,701.00	22,922.41	51,778.59	69.3
	Sub-total Under Expenditure on Consumables				367,567.08	
Total Under Expenditure on Recurrent Vote					4,823,300.28	

Under expenditures of 10% or more in a year are considered to be not conducive to the development of the country. Under expenditure is a serious concern as the unutilised funds deprive other Government projects or programmes of planned development initiatives. Had the funds been accessible and/or used to finance essential programmes, they would have contributed towards the development and economic growth of the country.

In her response, the Controlling Officer concurred with my observations and provided the following explanations.

Personnel costs: *The under expenditure was as a result of sitting allowances which were paid under Activity 11 instead of Activity 12, and the Human Resource Office is working with the Ministry of Public Service to rectify this mistake.*

Travel and Communication: *The funds were re-allocated to other centres to cater for Judges external travel which ended up not materialising due to the on-going pandemic.*

Professional and Special Services: *The funds allocated for these services could not be utilised due to the fact that contracts expired on the 31st of December 2019, after which authority had to be sort from the Tender Board Committee, a process which was delayed by the prevailing pandemic.*

Consumables, Materials and Supplies: *The funds allocated to the Registrar of High Court and Judiciary Centres were not fully utilised because the authority for the Judiciary to make purchases was only issued after year end.*

The response of the Controlling Officer is appreciated; however, it does not state controls measures to eliminate the recurring under expenditures and over expenditures, particularly on personnel costs.

HEAD 49: CORRECTIONAL SERVICES

61. Audit of Detailed Statement of Recurrent Expenditure

An audit of the Detailed Statement of Recurrent Expenditure for the financial year ended 31st March 2020 was conducted and my findings were communicated to the Controlling Officer through a memorandum referenced P18 Vol. VI/3, dated 2nd November 2020. The Controlling Officer responded through a memorandum referenced CHQ/3/2 Vol.12/225, dated 22nd December 2020.

61.1. Unauthorised Over Expenditure on Recurrent Vote

I observed that there was an over expenditure of **E15,142,054.78** incurred: over expenditures on CTA Vehicle Charges of E15,128,744.57, and on Drugs of E13,310.21 were incurred by the various Responsibility Centres, as illustrated in the table below.

Control Item	Responsibility Centre	Appropriated Budget	Released Budget	Actual Expenditure	Over Expenditure	%
		E	E	E	E	
CTA Vehicle Charges	11-Departmental Administration	15,178,106.00	10,402,204.00	20,413,769.84	10,011,565.84	96.2
	12-Prisons	5,743,658.00	4,329,082.00	8,036,673.53	3,707,591.53	85.6
	13-Training	509,211.00	339,472.00	1,321,024.96	981,552.96	289.1
	14-Close Protection Unit	425,599.00	283,731.00	711,765.24	428,034.24	150.9
Total Over Expenditure on CTA Vehicle Charges					15,128,744.57	
Over Expenditure on Drugs	11-Departmental Administration	17,490.00	17,488.00	30,798.21	13,310.21	76.1
Total Over Expenditure on Recurrent Vote					15,142,054.78	

Over expenditure beyond the budget released as appropriated by parliament is not only unlawful but also has serious effect on the fiscal budget. This was in contravention of Financial and Accounting Instruction number 0202 (ii), which states that Controlling Officers are responsible for ensuring that no amount is spent in excess of the amounts specified by Treasury Warrants.

Section 107(3)(j) read with Section 34(7) of the Public Finance Management Act of 2017, also states that "a public office and public officer, or other person with responsibility for government resources commits an offence of financial misconduct if, without lawful

authority under this Act or other lawful authority, that person wilfully or negligently incurs unauthorised expenditures or makes unauthorised commitments. Any excess or any amount expended but not appropriated and which is not allowed under this section is treated as a loss of public moneys. As stated in the Section 34(5), unauthorised expenditure may lead to disciplinary actions.

In her response, the Controlling Officer concurred with my observations and provided the following explanations.

She stated that the department was allocated insufficient funds yet its responsibilities have increased. The department uses transport among other things for conveying inmates to and from courts and hospitals for referrals. Courts are far away from the Correctional Centres. There are other challenges in controlling expenditure under this item code which include: change of the department's scope of responsibilities; and the paradigm shift from Prison to Corrections and an issue Paper was developed and submitted in an effort to solicit budgetary considerations.

The Controlling Officer stated that some of these responsibilities cannot be postponed or not done. She said that having realised that there are significant variances under the different centres they enforced control measures and prepared re-allocations as a corrective measure. Unfortunately, the reallocations were never punched at the Treasury Department even after a written follow-up, referenced CHQ/3/2/VOL.17/131, dated 30th June 2020.

The response of the Controlling Officer is appreciated; however, there is no justification for over expenditure. Moreover, the Controlling Officer did not address the over expenditure on drugs.

61.2. Under Expenditure on Recurrent Vote

I also observed that there was an under expenditure of **E4,229,006.89** on Travel, Transport and Communication incurred by various Responsibility Centres of His Majesty's Correctional Services, as illustrated in the table below.

Control Item	Responsibility Centre	Appropriated Budget	Released Budget	Actual Expenditure	Over Expenditure	%
		E	E	E	E	
Travel, Transport and Communication	11-Departmental Administration	12,443,693.00	12,405,907.00	8,562,092.93	3,843,814.07	31.0
	12-Prisons	215,981.00	128,435.00	11,725.50	116,709.50	90.9
	13-Training	16,707.00	15,673.00	-	15,673.00	100.0
	14- Close Protection Unit	841,761.00	841,759.00	588,948.68	252,810.32	30.0
Total Under Expenditure on Recurrent Vote					4,229,006.89	

Under expenditures of 10% or more in a year are considered to be not conducive to the development of the country. Under expenditure is a serious concern as the unutilised funds deprive other Government projects or programmes of planned development initiatives. Had the funds been accessible and/ or used to finance essential programmes, they would have contributed towards the development and economic growth of the country.

In her response, the Controlling Officer stated that the Entire Connection System and the department's Annual Report 2019/2020 show that the Travel, Transport and Communication (item 02) had under spent by E72,119.31 (0.54%) as a head.

The response of the Controlling Officer is appreciated. However, the matter remains reportable. Financial and Accounting Instruction number 0108 states that authority for expenditure deriving from the Appropriation Act lapses at the end of the financial year to which it relates; hence the commitments which were not paid for by the year end have to be de-committed. The submission by the Controlling Officer implies that reconciliations in the Department are not up-to-date and that Circular Number 1 of 2019/2020, on "Year End Closing Procedures", issued by the Accountant General on 20th January 2020 was not complied with.

62. Audit of Detailed Statement of Capital Expenditure

An audit of the Detailed Statement of Capital Expenditure for the financial year ended 31st March 2020 was conducted and my audit finding was communicated to the Commissioner General through a memorandum referenced P18/Vol.VI/4, dated 20th November 2020. The Controlling Officer responded through a memorandum referenced CHQ/3/2/VOL.12/270, dated 24th February 2021.

62.1. Under Expenditure on Project P31299 – Minor Improvements to Prison Facilities

I noted that there was an under expenditure on Project P31299 – *Minor Improvements to Prison Facilities* amounting to **E473,774.59**. The details are as follows:

Project Name	Revised Provision (E)	Released Funds (E)	Actual Expenditure (E)	Under Expenditure (E)	%
P31299 - Minor Improvements to Prison Facilities	2,500,000.00	2,500,000.00	2,026,255.41	473,774.59	18.95

Under expenditures of 10% or more in a year are considered to be not conducive to the development of the country. The under expenditure might indicate inefficiencies and delayed implementation of planned programs that were intended for economic development and improvement of the prison/correctional facilities and/or service.

Under expenditure is a serious concern as the unutilised funds deprive other Government programmes of planned development initiatives. Had the funds been accessible and utilised to finance other essential programmes, they would have contributed to development and economic growth of the country.

In her response, the Controlling Officer concurred with my observation and stated that the reason for the under expenditure was due to failure of the contractor to complete the project on time. Hence the Department could not pay for work not done.

The response of the Controlling Officer is appreciated.

63. Audit of Correctional Poultry Extension and Dairy Trading Account

An audit of the Correctional Poultry Extension and Dairy Trading Account for the financial year ended 31st March 2020 was conducted and audit queries were communicated to the Controlling Officer through a memorandum referenced A2/2019/2020/01, dated 14th December 2020. The Correctional Services responded through a memorandum referenced CHQ/3/2/VOL.9/102, dated 27th December 2020. However, the following audit queries remain reportable.

63.1. Operating Deficit

I noted that the Correctional Poultry Extension and Dairy Trading Account incurred an operating deficit of E653,017.93 in the financial year ended 31st March 2020. The trading activities of the account did not generate enough revenue to cover all its expenditures or break-even the expenditure incurred such that there is at least zero profit. Instead of profit or at least zero profit, the Trading Account incurred a loss. This means that the Trading Account did not add notable value to the Government during the financial year ended 31st March 2020.

In an unreferenced memo dated 5th February 2021, the Accountant General stated that Trading Accounts are created to trade commercially such that they generate their own income and incur expenses, and they are expected to make a profit or at least break-even. However, I observed that if they do not make profit or at least reach the break-even point, they become a drain to the Consolidated Fund, thus depleting Government's reserves. The loss incurred is treated as an overdraft and should be repaid in good times.

I advised the Controlling Officer that, in order to achieve the objectives of the Programme, the Correctional Services should operate a 'business oriented' trading approach, with a special investment account that trades for profit-making and generates economic value. There should also be regulations to govern the operations of the Trading Account.

The Controlling Officer concurred with my observation of the incurred operating deficit in the financial year ended 31st March 2020 and stated it was greatly regretted.

In her responses, the Controlling Officer stated that one of the reasons why the Trading Account incurred losses was that funds were not received in time from the Government, which makes it difficult for the Trading Account to trade profitably between the time of receipt of funds and the end of financial year. She stated that this led to late acquisition of supplies of equipment and materials, as well as animal feed and medication; as related budgets were released very close to the end of the financial year. As such, these supplies

could not be consumed within the 2019/2020 financial year to generate revenue but were carried forward to the subsequent financial year 2020/2021.

She also stated that the Trading Account was dormant for a better part of the financial year owing to lengthy government procurement processes, thus eroding revenue generation potential. She added that generating sufficient revenue and trading at a profit remained a challenge because of the obtaining procurement method, where the acquisition of inputs under the government tendering system are generally sourced at inflated prices, thus greatly diminishing the profit margin.

She stated that the Department concurred with the recommendation that the Trading Account be separated from the government consolidated fund, and she explained that from the on-going engagement processes, they were advised to develop regulations in order to redefine the objectives of the Trading Account. She further stated that the department was currently in the process of developing the regulations and it was hoped that this would remedy the situation and avoid losses in future. She said the reforms would provide the liberty to leverage bargaining power and source inputs at competitive prices directly from the market, to lower production costs resulting in higher profit margins and desired surplus.

On the basis of the aforementioned information, I advised the Controlling Officer to seek authority to operate the Trading Account separately from the Government Consolidated Fund. Such an arrangement may enable the Trading Account to generate revenue from the beginning of the financial period to the end, thus enabling Government to hold the Controlling Officer fully accountable for losses incurred at the end of the reporting period or be commended for any significant profits made.

63.2. Non-disclosure of Biological Assets in the Balance Sheet

The financial records of the Department of His Majesty's Correctional Services depicts that they breed cattle, for dairy and beef, and for inmates' rehabilitation purposes; however, it was noted that the fair value of 301 cattle was not disclosed in the Statement of Financial Position (Balance Sheet).

The number of cattle per ranch station is depicted in the table below.

Station	Number of cattle
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Bhalekane	230
Nhlangano	19
Pigg's Peak	23
Matsapha	17
Big Bend	7
Malkerns	5
Total	301

According to generally accepted accounting principles, these cattle are defined as biological assets and should be disclosed in the financial statements at their fair (market) value.

As a result of the non-recognition of the biological assets in the financial statements, the value of assets was understated. The biological assets may also be lost without being traced, if they are not disclosed in the financial statements.

I advised the Controlling Officer that the biological assets should be recognised on the financial statements and be measured at their fair value less costs to sell, at the end of each reporting period, as the fair value of these assets can be measured reliably.

In response, the Controlling Officer acknowledged the omission of cattle in the Balance Sheet of the Trading Account and promised to ensure that these assets are disclosed in the financial statements, henceforth.

The response of the Controlling Officer is appreciated. A follow-up audit will be carried out in subsequent reporting periods to establish whether the error is corrected.

HEAD 50: MINISTRY OF HOME AFFAIRS

64. Audit of Detailed Statement of Recurrent Expenditure

An audit of the Detailed Statement of Recurrent Expenditure for the financial year ended 31st March 2020 was conducted and my findings were communicated to the Controlling Officer through a memorandum referenced H22 Vol. VII/29, dated 3rd November 2020. The Controlling Officer responded through a memorandum referenced HA/083, dated 9th November 2020; however, the following issues remain reportable.

64.1. Unauthorised Over Expenditure on Recurrent Vote

I observed that there was an over expenditure on CTA Vehicle Charges of **E3,887,136.40**, which was incurred by the Ministry's Administration and Refugee Section, as illustrated in the table below.

Control Item	Responsibility Centre	Appropriated Budget	Released Budget	Actual Expenditure	Over Expenditure	%
		E	E	E	E	
CTA Vehicle Charges	11- Ministry Administration	13,378,674.00	11,164,248.00	14,757,167.34	3,592,919.34	32.2
	32-Refugee Section	561,010.00	424,637.00	718,854.06	294,217.06	69.3
Total Over Expenditure on CTA Vehicle Charges			11,588,885.00	15,476,021.40	3,887,136.40	

Over expenditure beyond the budget released as appropriated by parliament is not only unlawful but also has serious effect on the fiscal budget. This was in contravention of Financial and Accounting Instruction number 0202 (ii), which states that Controlling Officers are responsible for ensuring that no amount is spent in excess of the amounts specified by Treasury Warrants.

Section 107(3)(j) read with Section 34(7) of the Public Finance Management Act of 2017, also states that "a public office and public officer, or other person with responsibility for government resources commits an offence of financial misconduct if, without lawful authority under this Act or other lawful authority, that person wilfully or negligently incurs unauthorised expenditures or makes unauthorised commitments. Any excess or any amount expended but not appropriated and which is not allowed under this section is treated as a loss of public moneys. As stated in the Section 34(5), unauthorised expenditure may lead to disciplinary actions.

In his response, the Controlling Officer concurred with my observation of over expenditure on CTA Vehicle Charges. He stated that the challenges associated with CTA charges are inevitable. Attempts to normalize consumption and related fees to CTA are an ongoing concern. Primarily, budget allocation is never adequate let alone the precarious charging system employed by CTA. These factors melt down possible expenditure controls in this item. The Ministry has introduced tight controls on vehicles and believe a significant impact shall be attained in the long run.

The current over expenditure results from the fact that the funds under this item were not all released per allocation only a certain percentage was released hence pushing the over expenditure high. In this instance under activity 11, the revised budget for CTA charges was E13,378,674.00 and only E11,164,248 was finally released, leaving a shortfall of E2,214,426.00. Same with activity 32, from a revised budget of E561,010.00 only E424,637.00 was released leaving out a balance of E136,373.00. In total an amount of E2,350,799.00 for CTA charges was unreleased for both activities.

The response of the Controlling Officer is appreciated; however, I am not satisfied with the justification for over expenditure.

64.2. Under Expenditure on Recurrent Vote

I also observed that there were under expenditures amounting to **E1,174,134.08** incurred by the Ministry. Under expenditures on Personnel Costs of E516,198.09 in the Refugee Unit; on CTA Vehicle Charges of E144,475.88; Travel, Transport and Communication of E316,926.74; Professional and Special Services of E110,076.43; and Consumables Materials and Supply of E86,456.94, were incurred by various Responsibility Centres of the Ministry, as illustrated in the table below.

Control Item	Responsibility Centre	Appropriated Budget	Released Budget	Actual Expenditure	Under Expenditure	%
		E	E	E	E	
CTA Vehicle Charges	51-Rehabilitation Services	197,917.00	131,944.00	17,321.28	114,622.72	86.9
	91-Sports and Recreation	50,211.00	33,472.00	3,618.84	29,853.16	89.2
Under Expenditure on CTA Vehicle Charges			165,416.00	20,940.12	144,475.88	
Personnel Costs	32-Refugee	2,370,012.00	2,370,004.00	1,853,805.91	516,198.09	21.8
Under Expenditure on Personnel Costs			2,370,004.00	1,853,805.91	516,198.09	
Travel, Transport and Communication	10-Minister's Office	158,901.00	151,811.00	95,280.63	56,530.37	37.2
	11-Ministry Administration	55,325.00	31,370.00	25,182.98	6,187.02	19.7
	32-Refugee	51,887.00	33,082.00	2,148.12	30,933.88	93.5

	34-Department of Civil Registration	250,364.00	121,737.00	4,932.04	116,804.96	95.9
	NGO's Voluntary Charities and Religious Issues	299,200.00	299,200.00	192,729.49	106,470.51	35.6
Under Expenditure on Travel, Transport and Communication			637,200.00	320,273.26	316,926.74	
Professional and Special Services	32-Refugee	196,981.00	107,312.00	86,245.89	21,066.11	19.6
	34-Department of Civil Registration	808,811.00	416,768.00	338,055.03	78,712.97	18.9
	NGO's Voluntary Charities and Religious Issues	158,750.00	56,631.00	46,333.65	10,297.35	18.2
Under Expenditure on Professional and Special Services			580,711.00	470,634.57	110,076.43	
Consumables Materials and Supply	10-Minister's Office	4,857.00	3,236.00	-	3,236.00	100.0
	11-Ministry Administration	62,827.00	41,868.00	17,290.00	24,578.00	58.7
	34-Department of Civil Registration	331,815.00	63,956.00	21,266.06	42,689.94	66.7
	NGO's Voluntary Charities and Religious Issues	168,485.00	15,953.00	-	15,953.00	100.0
Under Expenditure on Consumables Materials and Supply			125,013.00	38,556.06	86,456.94	
Total Under Expenditure on Recurrent Vote					1,174,134.08	

Under expenditures of 10% or more in a year are considered to be not conducive to the development of the country. Under expenditure is a serious concern as the unutilised funds deprive other Government projects or programmes of planned development initiatives. Had the funds been accessible and/ or used to finance essential programmes, they would have contributed towards the development and economic growth of the country.

In his response the Controlling Officer acknowledged my observations of under expenditures incurred by the Ministry in the financial year ended 31st March 2020. He stated that numerous accounting activities slipped, reconciliations were not done as per the dictates of the Financial and Accounting Instructions, and PFM Act, since due to Covid-19 restrictions the Ministry's work force and counterpart stakeholders from the Ministry of Finance and Treasury were working from home on rotational basis, thus limit the normal flow of work. This resulted to some programme suspended and the Ministry received a supplementary budget on the 31st March 2020, with limited time and unconducive climate to execute; thus the funds were not utilised. He further stated the initiated reconciliation processes were not timely completed due to reduced man power resulting to missing deadlines. On another note counter stakeholder critical in the reconciliation process were not available to assist complete processes. He further stated that, ideally, this was a regrettable situation.

The Controlling Officer is commended for the detailed responses, though there is no commitment to eliminate the recurring over and under expenditures.

HEAD 53: MINISTRY OF PUBLIC WORKS AND TRANSPORT

65. Audit of Detailed Statement of Recurrent Expenditure

An audit of the Detailed Statement of Recurrent Expenditure for the financial year ended 31st March 2020 was conducted and my findings were communicated to the Controlling Officer through a memorandum referenced P20 Vol. IX/12, dated 12th November 2020. The Controlling Officer responded through a memorandum referenced WT/FIN/28, dated 12th November 2020; however, the following issues remain reportable.

65.1. Unauthorised Over Expenditure on Recurrent Vote

I observed that there was an over expenditure on CTA Vehicle Charges of **E15,493,493.76**, which was incurred by the Ministry's Administration, Roads Department, Construction and Maintenance, and Road Transportation, as illustrated in the table below.

Control Item	Responsibility Centre	Appropriated Budget	Released Budget	Actual Expenditure	Over Expenditure	%
		E	E	E	E	
CTA Vehicle Charges	11- Ministry Administration	17,921,254.00	13,637,797.00	22,668,252.30	9,030,455.30	66.2
	21- Roads Department	29,738,927.00	18,653,459.00	20,884,706.01	2,231,247.01	12
	42- Construction Maintenance	8,709,431.00	6,287,078.00	9,395,895.14	3,108,817.14	49.4
	44- Road Transportation	1,382,762.00	921,840.00	2,044,814.31	1,122,974.31	121.8
Total Over Expenditure on CTA Vehicle Charges			39,500,174.00	54,993,667.76	15,493,493.76	39.2

Over expenditure beyond the budget released as appropriated by parliament is not only unlawful but also has serious effect on the fiscal budget. This was in contravention of Financial and Accounting Instruction number 0202 (ii), which states that Controlling Officers are responsible for ensuring that no amount is spent in excess of the amounts specified by Treasury Warrants.

Section 107(3)(j) read with Section 34(7) of the Public Finance Management Act of 2017, also states that "a public office and public officer, or other person with responsibility for government resources commits an offence of financial misconduct if, without lawful authority under this Act or other lawful authority, that person wilfully or negligently incurs unauthorised expenditures or makes unauthorised commitments. Any excess or any

amount expended but not appropriated and which is not allowed under this section is treated as a loss of public moneys. As stated in the Section 34(5), unauthorised expenditure may lead to disciplinary actions.

In her response, the Controlling Officer stated that the over expenditure was caused by the CTA billing system. Long-term hire and maintenance charges are too high and they include non-serviceable vehicles.

The response of the Controlling Officer is appreciated; however, I am not satisfied with the justification for over expenditure.

65.2. Under Expenditure on Recurrent Vote

I also observed that there were under expenditures amounting to **E5,493,444.54** incurred by the Ministry. Under expenditures on Professional and Special Services of **E3,413,042.27**; Consumables Materials and Supply of **E1,468,077.06**; CTA Vehicle Charges of **E343,320.61**; Travel, Transport and Communication of **E220,712.60**; and Personnel Costs of **E48,292.00**, were incurred by various Responsibility Centres of the Ministry, as illustrated in the table below.

Control Item	Responsibility Centre	Appropriated Budget	Released Budget	Actual Expenditure	Under Expenditure	%
		E	E	E	E	
Professional and Special Services	10-Minister's Office	85,818.00	57,193.00	46,469.69	10,723.31	18.7
	11-Ministry Administration	11,394,687.00	10,892,542.00	7,901,252.82	2,991,289.18	27.5
	42-Construction and Maintenance	7,520,246.00	2,568,945.00	2,166,836.22	402,108.78	15.7
	45-Civil Aviation	13,384.00	8,921.00	0.00	8,921.00	100
Under Expenditure on Professional and Special Services			13,527,601.00	10,114,558.73	3,413,042.27	
Consumables Materials and Supply	10-Minister's Office	22,766.00	15,172.00	6,565.20	8,606.80	56.7
	42-Construction and Maintenance	14,656,516.00	11,028,057.00	9,568,586.74	1,459,470.26	13.2
Under Expenditure on Consumables Materials and Supply			11,043,229.00	9,575,151.94	1,468,077.06	
CTA Vehicle Charges	10-Minister's Office	174,600.00	116,400.00	18,500.12	97,899.88	84.1
	42-Construction and Maintenance	144,410.00	96,272.00	18,070.78	78,201.22	81.2
	45-Civil Aviation	459,947.00	306,628.00	139,408.49	167,219.51	54.5
Under Expenditure on CTA Vehicle Charges			519,300.00	175,979.39	343,320.61	
Travel, Transport and Communication	21- Roads Department	217,334.00	163,892.00	114,446.34	49,445.66	30.2
	42- Construction and Maintenance	518,130.00	480,582.00	328,354.59	152,227.41	31.7
	44- Road Transportation	180,371.00	166,479.00	147,439.47	19,039.53	11.4

Under Expenditure on Travel, Transport and Communication			810,953.00	590,240.40	220,712.60	
Personnel Costs	45-Civil Aviation	48,292.00	48,292.00	0.00	48,292.00	100
Under Expenditure on Personnel Costs			48,292.00	0.00	48,292.00	
Total Under Expenditure on Recurrent Vote					5,493,444.54	

Under expenditures of 10% or more in a year are considered to be not conducive to the development of the country. Under expenditure is a serious concern as the unutilised funds deprive other Government projects or programmes of planned development initiatives. Had the funds been accessible and/ or used to finance essential programmes, they would have contributed towards the development and economic growth of the country.

In her response the Controlling Officer concurred with my observations and provided the following explanations for the under expenditure.

CTA Vehicle Charges - the under expenditure was as a result of fuel consumption charged under Administration Centre (Number 11) as the Ministry's Head is controlled by the Transport Officer who is paid under the Administration Department.

Professional and Special Services - the under expenditure was caused by the late release of the requested funds, as such that the Ministry was unable to procure.

Consumable Materials and Supplies - the Ministry incurred under expenditure as a result of purchase orders which were committed during the fourth quarter of the financial year which were not paid for before the financial year ended 31st March 2020 due to the fact that deliveries of purchase orders were not complete.

Centre 11- Administration: Professional and Special services

The under expenditure was caused by the late release of requested supplementary budget to cater for the payment of water and electricity bills. However, some bills were not paid by the end of the financial year.

Centre 21- Roads: Travel, Transport and Communication - the under expenditure was a result of late release of requested supplementary budget to cater for the payment of telephone bills. The Ministry could not exhaust all the funds.

The Controlling Officer is commended for the detailed responses, though there is no commitment to eliminate the recurring over and under expenditures.

66. Audit of Detailed Statement of Capital Expenditure

An audit of the Detailed Statement of Capital Expenditure for the financial year ended 31st March 2020 was conducted and my audit finding was communicated to the Principal Secretary through memoranda dated 20th November 2020 referenced P20 Vol IX/13 and another referenced P20 Vol.IX/16 dated 15th January 2021.

66.1. Under Expenditure on Five Capital Projects

I noted that five projects, implemented by the Ministry, incurred under expenditures totalling to **E17,956,597.85**. The details of such projects are depicted in the table below.

Projects	Appropriated Budget	Funds Released	Actual Expenditure	Under Expenditure	%
	E	E	E	E	
T35199 – Institutional Support to Roads Department	300,000.00	242,457.00	104,565.00	137,892.00	57
T36399 – Rehabilitation and Maintenance of Feeder Roads and Rehabilitation of Armcos and Culverts	15,000,000.00	2,601,094.00	2,315,647.34	285,446.66	11
T52199 – Manzini Golf Course Interchange	42,000,000.00	2,680,912.00	1,840,404.32	840,507.68	31
T51555 – Manzini - Mphandze MR3 Lot 1	239,000,000.00	112,503,363.00	100,393,575.87	12,109,787.13	11
T52155 Manzini Golf Course Interchange	210,000,000.00	4,894,395.00	311,430.62	4,582,964.38	94
Total Under Expenditure				17,956,597.85	

Under expenditures of 10% or more in a year are considered to be not conducive to the development of the country. The under expenditure might indicate inefficiencies and delayed implementation of planned programs that were intended for economic development and improvement of the lives of the citizens and/or service delivery to the public. Under expenditure is a serious concern as the unutilised funds deprive other Government programmes of planned development initiatives. Had the funds been accessible and utilised to finance other essential programmes, they would have contributed to development and economic growth of the country.

There was no response to the above audit query. Hence, the Controlling Officer contravened Financial and Accounting Instruction 0315 (ii), which requires that the Controlling Officer should respond promptly to audit queries.

HEAD 56: MINISTRY OF SPORTS, CULTURE AND YOUTH AFFAIRS

67. Audit of Subventions to Public Enterprises as at 31st March 2020

An audit of the Government Expenditure to Public Enterprises as at 31st March 2020 was conducted and I communicated my audit query through a correspondence referenced S22 Vol.II/15 dated 4th February 2021. The Controlling Officer responded through a memorandum referenced SCYA/151 dated 23rd February 2021.

67.1. Overpaid Subvention Amount

I noted that a subvention paid to Eswatini National Youth Council was above the budgeted amount by E10,867,500.00, which indicates that there was an overpayment of subvention. The Government Accounting System confirms the overpayment of subvention, as illustrated in the table below.

Public Enterprise	Government Account Number	Budget Provision Amount (E)	Actual Amount (E)	Overpaid Amount (E)
Eswatini National Youth Council	562140110506	3,830,000.00	14,697,500.00	10,867,500.00

I drew the attention of the Controlling Officer to Financial and Accounting Instruction 0103, which states that when a General Warrant is signed, a Treasury Warrant will be issued to each Controlling Officer giving him authority to spend in accordance with the approved Estimates, subject to any reservations which may be imposed. Further, Section 0202 of the Financial and Accounting Instruction also states that the Controlling Officer is responsible for ensuring that no amount is spent in excess of the amounts specified in the Treasury Warrant.

According to Section 34 (2) (a) of the Public Finance Management Act of 2017, expenditure in excess of the amount appropriated under an Appropriation Act shall be included in a statement of expenditure in excess which shall be laid before Parliament and referred to the Public Accounts Committee.

The overpayment of subvention is unlawful and distorts the fiscal budget. Hence, I requested the Controlling Officer to provide justification for the overpayment of subvention.

In his response the Controlling Officer acknowledged my observations and explained that the overpayment of subvention was as a result of voucher 130068 wherein an amount of E1,207,500.00 was credited into the account of the parastatal under the year 2019/2020 instead of the rightful year 2020/2021. In efforts towards correcting the anomaly again the Ministry erroneously reversed an amount of E12,750,000.00 instead of E1,207,500.00 as per voucher 130287, thus resulting in the overpayment of subvention. He stated that the correction has since been made through Journal Vouchers 100250 and 100251.

The response of the Controlling Officer is acknowledged; however, it is unsatisfactory as the narration of the purported correcting voucher (130287) indicate a transfer of funds instead of a correction. Also the resulting net effect of the correction is E11,542,500.00 instead of the rightful queried overpayment of E10,867,500.00, this therefore creates a further anomaly. Further I observed that the Ministry does not perform monthly reconciliations as the correction of the error was only effected in month 10 whereas it occurred in month 2 of the financial year 2020/2021.



Serving Public Interest

**REPORT OF THE AUDITOR GENERAL ON THE
CONSOLIDATED GOVERNMENT ACCOUNTS OF
THE KINGDOM OF ESWATINI**

FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2021

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