



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 2019



Serving Public Interest



**KINGDOM OF ESWATINI**

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OF  
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**FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH 2019**



## **ACKNOWLEDGEMENTS**

It is with my utmost pleasure that I express my appreciation to members of staff for their cooperation, dedication, and hard work in preparation of this report. Furthermore, I wish to express my gratitude to the Accountant General, Treasury and Stores Department, and the staff at large for the cooperation afforded to my office and me. The cooperation and assistance received from Government Ministries and Departments officials is also commended.



**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 31<sup>st</sup> March 2019, for tabling in Parliament.

Yours faithfully

A handwritten signature in black ink, appearing to be 'T. S. Matsebula', is written over a circular stamp or seal.

T. S. Matsebula  
**Auditor General**  
**Kingdom of Eswatini**

# The Honourable Speaker of the House of Assembly in Parliament

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**CONSOLIDATED GOVERNMENT FINANCIAL STATEMENTS (ANNUAL ACCOUNTS) OF  
THE KINGDOM OF ESWATINI FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH 2019**

**1. 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 31 March 2019 and related financial information included in pages 9 to 35 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 31<sup>st</sup> March 2019, 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.

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.

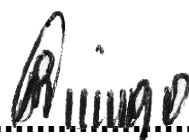
The Treasury Department and the Ministry of Finance have reviewed the Government's Cash Flow Forecast for the year ending 31<sup>st</sup> March 2020, and in the light of this review and the current financial position, they are satisfied that the Government of Eswatini has adequate resources to continue 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 35, and were approved on 15 November 2019 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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## 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 31<sup>st</sup> March 2019. 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 Central Transport Administration (CTA) Trading Account, for the year then ended, and a Summary of Significant Accounting Policies and other Explanatory Information, as depicted from pages 9 to 35.

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 31<sup>st</sup> March 2019, 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 31<sup>st</sup> March 2019 as shown below:

## **1) Misstatement of Revenue**

### **Omission of Revenue**

Revenue Recovery from Scholarship Loan amounting E48,984,218.49 was not recognised as revenue in the Detailed Statement of Revenue. This collection was deposited at Standard bank and First National Bank with total collections amounting to E48,525,314.77 and E458,903.72 respectively.

## **2) Misstatement of Assets**

### **(i) Misstatements of Bank Balances**

Bank balances were misstated by E124,131,554.20 due to non-reconciliation of the Government cash books with bank statements. Some bank balances were overstated by E107,449,273.42 and other bank balances were understated by E16,682,280.78 in aggregate; thus, reflecting an incorrect cash position of the Government of the Kingdom of Eswatini at year end.

### **(ii) Undisclosed Bank Balance**

A closing bank balance amounting to E977,358,482.61 for I.M.F. Special Drawings Rights Account was not disclosed in the Detailed Statement of Assets. The account was also not captured or recorded in the Government Accounting System (Cash Book). This has resulted to an understatement of bank balances in the Detailed Statement of Assets.

### **(iii) Misclassification of Assets**

Assets amounting to E1,954,593.78 were incorrectly classified as liabilities in the Detailed Statement of Liabilities. These bank balances were reported as overdrawn bank accounts whereas bank statements showed that the accounts had positive balances, as at the year end. There were no reconciliations, of these accounts, prepared by the Accountant General, reconciling the bank statement balances to the cash book balances.

## **3) Misstatement of Liabilities**

### **(i) Misstatements of Liability Balances**

Liability balances were misstated by E490,462,912.33 in the Financial Statements, due to non-reconciliation. Overstated liability account balances amounted to E403,077,663.94 while understated liability account balances amounted to E87,385,248.39.

**(ii) Misstated Special Fund**

A special fund account captured as “recovery for Meridian Bank debtors” was misstated in the Financial Statements by E704,207.88. This account was shown as a liability in the Detailed Statement of Liabilities, whereas, the bank statement showed a nil balance. There were no other supporting documents for this liability balance. Liabilities are overstated by the same amount.

**(iii) Unsupported Liabilities**

Liabilities amounting to E1,931,478,131.41 presented in the Detailed Statement of Liabilities were not supported with source documentation that could confirm their existence. The issue of unsupported Liabilities was raised in my previous Audit Report. Effort to trace the existence of these debts and to ascertain the supporting documentation of these Liabilities is not known.

**4) Misstatement of Capital Expenditure and Consolidated Fund**

**(i) Misclassification of Capital Expenditure Items**

Foreign capital expenditure amounting to E19,176,179.99 was erroneously classified as local capital expenditure in the Statement of Receipts and Payments and Statement of Surplus and Deficit. This error resulted in an overstatement of Local Capital Expenditure and Consolidated Fund – deficit by the same figure of E19,176,179.99. The expenditure consists of Strategic Reserve Fuel Depot amounting to E18,093,527.29 and Fuel Marking and Quality Assurance amounting to E1,082,652.70. Furthermore, a payment amounting to E635,366.53 for Strategic Reserve Fuel Depot was erroneously captured as Procurement of Ambulance.

**(ii) Undisclosed Capital Expenditure**

I further observed that Capital Expenditure amounting to E127,552,344.40 was not captured into the Government Accounting System, and was neither accounted for by the Accountant General; hence, these capital project expenditures were omitted from Financial Statements for the financial year 2018/2019. As such, the Statement of Detailed Capital Expenditure did not reflect a true picture of all funds received and disbursed in the financial year under review.

**Emphasis of Matters**

Without qualifying the accounts, I draw attention to the presentation and disclosures in the Financial Statements which reflect an unacceptable financial reporting framework. 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. However, I emphasize that as from 2019, 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. As such, I observed that in the year under review, there was an unauthorised over expenditure of E844,660,883.23 incurred in excess of the recurrent expenditure budget released of E15,284,926,429.00. Moreover, the Capital Expenditure Vote incurred an unauthorised over expenditure amounting to E16,356,180.34, in excess of the capital expenditure budget released of E2,207,497,331.00. A worse scenario was incurring unauthorised expenditure of E31,874,395.35, which was spent without following any budget line in the Estimates Book.

The Recurrent Operations reflects significant over expenditures incurred on: CTA Vehicles Charges of E279,893,045.46 (88%); Personnel Costs of E822,383,332.60 (12%); and Public Debt of E14,187,338.35 (2%). Both unauthorised expenditure and over expenditures 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**

I noted that there were issues of deficiencies in budgetary controls, non-compliance with laws and regulations, and lack of adherence to budgetary requirements and spending authorities. An example of such, is the operation of Central Transport Administration (CTA) Trading Account as an "account without budget limit" which allows the department to spend public funds without following the formal budgetary requirements and spending authorities. As a result, in the Financial year ended 31<sup>st</sup> March 2019, an amount of E602,196,943.46 was spent by the CTA without a distinctly approved budget, appropriated by Parliament, 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 the 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 paragraph 6.1 of this report.



**T. S. Matsenula**  
**Auditor General - Kingdom of Eswatini**

### 3. CONSOLIDATED GOVERNMENT ACCOUNTS

#### APPENDIX 1

#### 3.1. CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES AS AT 31<sup>st</sup> MARCH 2019

<b>ASSETS</b>	<b>(E)</b>
Bank Accounts	772,182,521.46
Cash Accounts	212,666,941.31
Employee Advances	370,516,716.77
Ministry & Departmental Advances	102,712,117.52
Other Advances	13,398.75
Sundry Investments	2,799,271,817.67
Other Investments	610,437,051.42
Treasury Bills	354,080,780.39
Capital Fund – Specified	69,430,875.49
Capital Fund – Other	2,815,098.34
Sundry Deposits	611,586,032.63
Customs	50,355.49
Special Fund	1,411,191,198.18
Accrued Liabilities	349,951,024.34
Reserves	135,383,963.96
Trading Accounts	156,463,005.22
<b>TOTAL</b>	<b>7,958,752,898.94</b>

## CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES Continued

<b>LIABILITIES</b>	<b>(E)</b>
Capital Fund - Specified	6,404,219,043.83
Capital Fund – Other	48,363,479.24
Accounts Payable	357,942,166.75
Sundry Deposits	607,564,002.44
Customs	1,490,665.20
Special Fund	2,147,575,742.83
Accrued Liabilities and Deductions	50,353,466.04
Reserves	1,443,378,847.47
Treasury Bills	1,667,742,990.35
Government Stock	1,355,146,439.67
Consolidated Fund	-11,405,854,946.62
Trading Accounts – Sundry	627,554,838.11
Bank Accounts	2,878,679,524.71
Cash Accounts	1,418,044,126.31
Employee Advance	10,574,786.42
Ministry Departmental Advance	190,502.43
Other Advances	6,750,000.00
Sundry Investments	331,200,375.18
Other Investments	7,836,848.58
<b>TOTAL</b>	<b>7,958,752,898.94</b>

### Notes:

Public Debt as at 31<sup>st</sup> March 2019 amounted to **E18,014,184,070.58**

Contingent Liabilities as at 31<sup>st</sup> March 2019 amounted to **E2,949,665,804.59**

### 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 Swd. 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.

#### **NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES**

1. Equity for Trust Funds is **E696,513,392.24** and is included in the Sundry Investments under Assets.
2. Total pure consolidated fund amounting to **E11,405,841,957.62** does not reflect a true position hence it is still under reconciliation.
3. Payables for Financial year 2018/2019 **E1,257,498,303.44**
4. Accrued Arrears for Financial year 2018/2019 **E1,455,753,589.87**

## APPENDIX 5

### 3.2. STATEMENT OF SURPLUS AND DEFICIT AS AT 31<sup>st</sup> MARCH 2019

#### CAPITAL FUND

	(E)		(E)
Balance b/d 01/04/2018	233,346,410.47		
Receipts	312,588,582.14		
Local Capital Funds	1,683,685,843.04		
	<b>2,229,610,835.65</b>		
Direct Receipts - Grants	28,217,749.20	Direct Expenditure - Grants	28,217,749.20
	<b>2,254,339,921.84</b>	Capital Expenditure	1,998,399,146.33
		Balance as at 31/03/2019	227,723,026.31
	<b>2,254,339,921.84</b>		<b>2,254,339,921.84</b>

#### CONSOLIDATED FUND

	(E)		(E)
Revenue	15,504,296,429.78	Balance as at 01/04/2018	9,096,878,221.13
		Recurrent Expenditure	16,129,587,312.23
Balance c/f 31/03/2019	11,405,854,946.62	Local Capital Funds	1,683,685,843.04
	<b>26,910,151,376.40</b>		<b>26,910,151,376.40</b>

#### Notes:

1. Capital Fund opening balance of E267,931,172.57 was overstated by E34,584,762.10, hence the restatement of the opening balance to E229,847,747.40.
2. Consolidated Reserves opening balance of E10,194,472,708.50 was adjusted by E1,097,612,626.17, being payments charged to the Consolidated Fund but not paid to suppliers in past five years.
3. Foreign Capital Expenditure of E19,176,179.99 was erroneously classified under the Local Capital Funds, and will be adjusted in the next financial year, 2019/2020.

## APPENDIX 10

### 3.3. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2019

<b>BALANCE IN HAND as at 1<sup>st</sup> April 2018</b>	<b>(E)</b>	<b>BALANCE OVERDRAWN as at 1<sup>st</sup> April 2018</b>	<b>(E)</b>
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	759,732.04
Installation of Solar Power Light System	17,707,509.72	Health Services Development 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	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	16,550,917.84	Rural Electrification	340,561.52
Distance and Continuing Education Programme	839,888.85	Ntondozi 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	1,332,696.88	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	SADC Summit	9,522,509.70
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		
Computerisation of Central Motor Registry	920,632.53		
Purchase of Royal Guard Military Band	1,230,660.00		

<b>BALANCE IN HAND as at 1<sup>st</sup> April 2018</b>	<b>(E)</b>	<b>BALANCE OVERDRAWN as at 1<sup>st</sup> April 2018</b>	<b>(E)</b>
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 Desktop Computers and Laptops for Government	2,341,092.81		
Construction of Computer Labs in Rural Schools	2,541,886.74		
Diplomatic Directory Printing	1,839,195.71		
Installation of Solar Power Light System	11,343,195.94		
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	5,336,514.83		
Procurement of Equipment for Production of Diplomatic	3,457,873.00		
JA -Junior Archivers SWD Capacity	1,106,607.61		
Procurement of Equipment & Construction of Fish Hatchery	1,271,974.72		
Procurement of Uniforms for Royal Close Protection	720,044.83		

<b>BALANCE IN HAND as at 1<sup>st</sup> April 2018</b>	<b>(E)</b>	<b>BALANCE OVERDRAWN as at 1<sup>st</sup> April 2018</b>	<b>(E)</b>
Procurement of Ceremonial Uniform – RSP	289,841.26		
Procurement of office Equipment for Government	1,150,322.96		
Biotechnology	15,271,128.15		
Procurement of Communication Equipment and Promotion Items	507,971.98		
Renovation and Expansion of Mpisi Pig Breeding Station	2,809,759.83		
Automation and Expansion of six(6)Immigration Service Centres	1,925,354.17		
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 & Ntfonjeni	11,381,093.38		
Installation of Solar Power Light System	1,517,626.24		
Lighting and Borehole Pump Malkerns Research	1,483,846.07		
Rollout Solar Powered Water Pumping System	6,170,195.07		
Manzini Autism Rehabilitation and Respite Centre	1,040,994.17		
Siteki Civic Center Completion	328,626.87		
		<b>Balance Overdrawn B/F</b>	<b>68,223,220.83</b>
		Capital Fund Opening Balance	233,346,410.16
		Restatement Adjustment (01/04/2018)	(3,498,662.70)
		<b>Capital Fund Opening Balance b/d 01/04/2018</b>	<b>229,847,747.46</b>
	<b>301,569,630.99</b>		<b>301,569,630.99</b>

<b>CAPITAL FUND</b>			
<b>RECEIPTS DURING THE YEAR</b>	<b>(E)</b>	<b>PAYMENTS DURING THE YEAR</b>	<b>(E)</b>
<b>Local Funds – Overstated by E19,176,180.05</b>	<b>1,683,685,843.04</b>	<b>Local Funds</b>	<b>1,683,685,843.04</b>
Rural Electrification Phase 20-F03070	51,501,960.00	Establishment of Maguga Dam Hatchery	154,224.85
Solar Powered LED lighting System at Mpisi (\$75536) Project A39070	944,590.46	Malkerns Research Station	928,638.66
Installation of 15kw Solar Powered Lighting Borehole Pumping System	923,565.25	Pig Breeding 20KW Solar Power System	949,779.37

<b>CAPITAL FUND</b>			
<b>RECEIPTS DURING THE YEAR</b>	<b>(E)</b>	<b>PAYMENTS DURING THE YEAR</b>	<b>(E)</b>
Manzini Autism Rehabilitation and Respite Centre-60% (Manzini Municipality)	635,893.38	Small Holder Dairy Production and Marketing Programme	4,654,491.83
Construction of Computer Labs in Rural Secondary Schools Project E44870(50%)	4,946,110.40	Construction of Computer Labs in Rural Secondary Schools	4,410,115.70
Construction of Mankayane Main Market Project X51070-(60%)	234,407.08	<i>Fuel Marking and Quality Assurance</i>	0.00
Water and Sanitation Project for Nkhungwini Phase 2 - Project W37570-Microprojects	13,658,860.00	<i>Strategic Reserve Fuel Depot</i>	0.00
Computerisation of Tinkhundla Centres and Regional Administration Centres - Project G61570 (77.66%)	997,416.38	Rural Electrification VI	37,172,763.84
Procurement of EBC Election Equipment and Material Project G61970 - (60%)	3,256,311.38	Networking of Tinkhundla Centres	940,311.92
Procurement of Equipment for the National Handicraft Centre Project M36170 1 <sup>st</sup> Payment	360,752.31	SRA Documents and Records Management System	2,694,385.00
Enhancing Junior Achievement Swaziland Capacity: Project M35770 Phase 3-1 <sup>st</sup> Payment	3,844,010.00	Computerisation of Tinkhundla Centres and Regional Administration	1,440,927.41
Upgrading and expansion of Government Network Infrastructure – Project G61870	6,290,153.24	Upgrading and Expansion of Government Network Infrastructure	5,754,275.09
Rollout of Water Pumping Systems in Schools - Project W37470	4,489,074.26	Procurement of 2018 National Elections Equipment and Material	3,011,638.08
Construction of Computer Labs in Rural Secondary Schools Project E44870 (50%)	4,946,110.40	Enhancing Junior Achievers Swaziland Capacity	4,587,912.32
Small Holder Dairy Production Project A39170 (60%)	4,511,206.61	Procurement for Equipment of National Handicraft Centre	313,191.13
Procurement of Hydraulic Lift-Project P44470 Fire and Emergency (80%)	8,934,383.11	Procurement of Hydraulic Lift – Fire and Emergency	8,762,292.81
Manzini - Mbadlane (MR 3 Lot 1 and 2)	76,661,929.28	CMR/ Fleet Management System	2,481,511.57
Manzini - Mphandze (MR 3 Lot 1)	130,387,959.00	Manzini - Mbadlane (MR 3 Lot 1 and 2)	76,661,929.28
		Manzini - Mphandze (MR 3 Lot 1)	130,387,959.00
		Rollout of Water Pumping System in Schools	4,441,954.31
		Water and Sanitation for Nkhungwini, Mhlangeni and Ntfontjeni	23,894,752.93
		Siteki Civic Centre Completion	208,000.00

<b>CAPITAL FUND</b>			
<b>RECEIPTS DURING THE YEAR</b>	<b>(E)</b>	<b>PAYMENTS DURING THE YEAR</b>	<b>(E)</b>
		Manzini Autism Rehabilitation and Respite Centre	2,543.57
		Construction of Main Market in Mankayane	214,338.09
		Purchase of Ambulance	635,366.53
<b>Capital Expenditure</b>	<b>1,996,274,425.18</b>	<b>Capital Expenditure</b>	<b>1,998,399,146.33</b>
		<b>Difference</b>	<b>2,124,721.15</b>
<b>Estimated Direct Receipts</b>	<b>28,217,749.20</b>	<b>Estimated Direct Payments</b>	<b>28,217,749.20</b>

<b>BALANCE OVERDRAWN as at 31<sup>st</sup> March 2019</b>	<b>(E)</b>	<b>BALANCE IN HAND as at 31<sup>st</sup> March 2019</b>	<b>(E)</b>
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	16,317,241.17	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 and 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	697,330.35
Procurement of Bush Tenders	7,239,028.31	Mobile Commerce Solution	500,000.00
Procurement of Communication Equipment & Promotion Items	88,725.22	Computerisation of Trading Licences Management System	820,197.58
SADC Summit	9,522,509.70	Cataloguing of ROC of SWD Co-operation	260,430.82
Small Holder Dairy Production	143,285.22	Procurement of Scuba Diving Equipment	108,469.22
		Correctional Services	5,096,500.00
		Swazi TV- Purchases of Cameras	259,712.89

<b>BALANCE OVERDRAWN as at 31<sup>st</sup> March 2019</b>	<b>(E)</b>	<b>BALANCE IN HAND as at 31<sup>st</sup> March 2019</b>	<b>(E)</b>
		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
		<i>Rehabilitation of CODEC</i>	<i>967,442.72</i>
		Procurement of two (2) RIV's for Fire & Emergency	281,493.53
		Procurement of Four (4) Ambulances for Fire and Emergency	278,448.49
		Procurement of Desktops Computers and Laptops 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 School	991,611.27

<b>BALANCE OVERDRAWN as at 31<sup>st</sup> March 2019</b>	<b>(E)</b>	<b>BALANCE IN HAND as at 31<sup>st</sup> March 2019</b>	<b>(E)</b>
		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 Equipment for Production of Diplomatic	3,457,873.00
		JA -Junior Archivers SWD Capacity	362,705.29
		Procurement of Equipment & Construction 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
		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 and 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 Rehabilitation & 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 Government Network	535,878.15
		Procurement of Hydraulic Lift	172,090.30
	<b><u>69,430,875.49</u></b>		<b><u>297,153,901.80</u></b>

BALANCE OVERDRAWN as at 31 <sup>st</sup> March 2019	(E)	BALANCE IN HAND as at 31 <sup>st</sup> March 2019	(E)
	<u>2,395,492,680.86</u>		<u>2,395,492,680.86</u>

## Notes:

1. The following amounts were erroneously included in this statement, in the previous financial year:

Details	E
Central Bank Advance	1,292,548,000.00
Eswatini Government Suppliers Bond	493,000,000.00
Infrastructure Bond Issuance Account	81,740,000.00
One Month Fixed Account	300,000,000.00
Strategic Oil Advance	200,000,000.00
Resettlement Advance	23,000,000.00
<b>Total</b>	<b>2,390,288,000.00</b>

2. The opening balance on projects and grants amounting 233,346,410.16 has been restated by E3,498,662.70 to reflect a balance of E229,847,747.46. The restatement is on the following projects:

Solar Power Led Lighting E1,354,040.86;  
Tinkhundla Networking E1,098,540.20;  
Flag Poles E596,697.20; and  
IT Equipment for Home Affairs E449,384.44

4. The Strategic Reserve Depot and Fuel Marking and Quality Assurance reflect a zero disbursements due to the fact that their related expenditure amounting to E19,176,179.99 (as foreign capital component) was erroneously classified in the local capital funds, and will be adjusted in the next financial year 2019/2020: Strategic Reserve Fuel Depot amounting to E18,093,527.29 and Fuel Marking and Quality Assurance amounting to E1,082,652.70 were erroneously classified as local capital funds. Furthermore, the payment amounting to E635,366.53 for Strategic Reserve Fuel Depot was erroneously captured as Procurement of Ambulance.

Strategic Reverse Fuel Depot	E18,728,893.82
Less: Payment erroneously captured as Procurement of Ambulance	<u>E 635,366.53</u>
Strategic Reserve Fuel Depot misclassified as local capital funds	E18,093,527.29
Fuel Marking and Quality Assurance misclassified as local capital funds	<u>E1,082,652.70</u>
<b>Total Foreign Capital figure erroneously classified as local capital funds</b>	<b><u>E19,176,179.99</u></b>

## APPENDIX 11

### 4.1. STATEMENT OF PUBLIC DEBT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019

#### EXTERNAL DEBT AS AT 31<sup>ST</sup> MARCH 2019

Financier	Loan Name	Loan No.	Currency	Hedging Status	Opening Balance as at 31/03/2018 (FX)	Principal payment (FX)	Interest Payment (FX)	Total Disbursement (FX)	Closing Balance as at 31/03/2019 (FX)	Spot rate (31/03/2019)	Closing Balance as at 31/03/2019 (E)	Particulars of Payments
BADEA	Lower Usuthu Smallholder Irrigation Project	02/02/2003	USD	Unhedged	8,648,999.94	541,000.00	180,466.32	0.00	8,107,999.94	14.4909	117,492,216.33	Capital and interest repayable in 40 semi-annual instalments commencing 2003-2031
EIB	Human Resource Development	80294	EUR	Hedged	1,976,183.52	160,225.48	9,985.53	0.00	1,815,958.04	16.2578	29,523,482.56	Capital and interest repayable in 60 semi-annual instalments commencing 1978-2018
EXIM BOC	International Convention Centre	6020408001	USD	Unhedged	32,200,000.00	0.00	1,487,996.70	0.00	32,200,000.00	14.4909	466,606,980.00	Capital and interest repayable in 40 consecutive and equal semi-annual instalments commencing 2021-2041
EXIM BOC	Five Star Hotel	6020408002	USD	Unhedged	100,000.00	0.00	2,291,937.31	36,000,000.00	36,100,000.00	14.4909	523,121,490.00	Capital and interest repayable in 40 consecutive and equal semi-annual instalments commencing 2022-2042
OFID	Lower Usuthu Smallholder Irrigation Project	1455P	USD	Unhedged	5,357,069.70	472,000.00	224,381.32	0.00	4,885,069.70	14.4909	70,789,056.52	30 semi-annual consecutive constant principal payment. Interest is 4.3% of outstanding loan annually commencing 2012-2032
USAID	Infrastructure 645-T-004A	050002045	USD	Hedged	380,894.78	35,588.59	10,893.01	0.00	345,306.19	14.4909	5,003,797.47	Capital and interest repayable in 61 constant and equal semi-annual instalments commencing 1979-2022
USAID	Infrastructure 645-T-004B	050002046	USD	Hedged	50,629.45	4,267.77	1,454.87	0.00	46,361.68	14.4909	671,822.47	Capital and interest repayable in 61 consecutive

Financier	Loan Name	Loan No.	Currency	Hedging Status	Opening Balance as at 31/03/2018 (FX)	Principal payment FX)	Interest Payment (FX)	Total Disbursement (FX)	Closing Balance as at 31/03/2019 (FX)	Spot rate (31/03/2019)	Closing Balance as at 31/03/2019 (E)	Particulars of Payments
												and equal semi-annual instalments commencing 1979-2023
USAID	Infrastructure 645-T-004C	050002047	USD	Hedged	453,140.77	76,966.87	13,021.27	0.00	376,173.90	14.4909	5,451,098.37	Capital and interest repayable in 61 constant and equal semi-annual instalments commencing 1979-2023
CPD ITALY	Rehabilitation of East-West Line	02/001/00	EUR	Hedged	9,440,954.64	38,196.96	3,763.84	0.00	9,402,757.68	16.2578	152,868,153.81	Commencing 2002-2040
CPD ITALY	Rehabilitation of East-West Line	99/011/00	EUR	Unhedged	757,493.88	38,196.96	1,893.76	0.00	757,493.88	16.2578	12,315,184.00	Commencing 2002-2040
ADB	Ezulwini Water Supply and Sanitation	2000130011982	USD	Unhedged	6,066,613.96	0.00	182,880.87	6,184,746.72	12,251,360.68	14.4909	177,533,242.48	Capital and interest repayable in 30 constant and semi-annual instalments commencing 2014-2034
Multilateral	Lower Usuthu Smallholder Irrigation Project II	200020000002	ZAR	Unhedged	124,350,708.00	0.00	4,756,441.82	0.00	124,350,708.00	1.0000	124,350,708.00	
OFID	Manzini-Mbadlane	2000130011930	USD	Unhedged	666,793.00	0.00	571,189.46	666,793.00	1,333,586.00	14.4909	19,324,861.37	Commencing 2014-2034
IBRD	Health HIV/AIDS and TB	80190	USD	Unhedged	13,292,131.25	1,149,859.82	494,200.58	0.00	12,142,271.43	14.4909	175,952,441.06	Capital and interest repayable in 30 semi-annual and consecutive payments commencing 2011-2030
IBRD	Local Government	80030	USD	Unhedged	23,685,953.65	1,683,498.19	800,541.33	0.00	22,002,455.46	14.4909	318,835,381.83	Capital and interest repayable in 30 semi-annual and consecutive payments commencing 2011-2030
ICDF	Two International Roads	SWZ-01-0611	USD	Hedged	107,816.07	107,816.16	2,168.30	0.00	-0.09	14.4909	-1.26	Capital and interest repayable in 30 consecutive and semi-annual payments commencing 1998-2018
IFAD	Smallholder Market-led Project	200000112600	EUR	Unhedged	1,797,370.70	0.00	18,700.21	2,400,509.85	4,197,880.55	16.2578	68,248,302.41	Capital and interest repayable in 36 constant and semi-annual payments commencing 2016-2036

Financier	Loan Name	Loan No.	Currency	Hedging Status	Opening Balance as at 31/03/2018 (FX)	Principal payment FX)	Interest Payment (FX)	Total Disbursement (FX)	Closing Balance as at 31/03/2019 (FX)	Spot rate (31/03/2019)	Closing Balance as at 31/03/2019 (E)	Particulars of Payments
BADEA	Skhuphe Access Road	01/10/1999	USD	Unhedged	5,350,258.62	318,000.00	131,432.09	0.00	5,032,258.62	14.4909	72,921,956.44	Capital and interest repayable in 36 consecutive and semi-annual payments commencing 2006-2032
KUWAIT	Mbadlane-Skhuphe	907	KD	Unhedged	2,570,000.00	216,000.00	75,551.00	0.00	2,354,000.00	47.5736	111,988,254.40	Capital and interest repayable in 34 semi-annual payments commencing 2009-2029
KUWAIT	Manzini-Mbadlane	907	KD	Unhedged	4,000,000.00	0.00	71,167.38	0.00	4,000,000.00	47.5736	190,294,400.00	Capital and interest repayable in 32 semi-annual equal payments commencing 2015-2035
EIB	Main Irrigation Canal	80016	EUR	Hedged	67,550.00	67,486.06	337.42	0.00	63.94	16.2578	1,039.52	Capital and interest repayable in 60 semi-annual instalments commencing 1989-2029
IFAD	Lower Usuthu Smallholder Irrigation Project	L-I-574-SZ	USD	Unhedged	2,861,148.97	909,944.84	19,237.94	0.00	1,951,204.13	14.4909	28,274,703.93	Capital and interest repayable in 30 equal and semi-annual payments commencing 2003-2022
IFAD	Rural Finance	L-I 764-SZ	USD	Unhedged	2,418,276.94	307,505.69	39,308.14	0.00	2,110,771.25	14.4909	30,586,975.11	Capital and interest repayable in 30 equal and semi-annual payments commencing 2010-2028
USAID	Infrastructure 645-K-003A	050002042	USD	Hedged	74,034.63	35,659.93	2,755.95	0.00	38,374.70	14.4909	556,083.98	Principal is calculated after 3% of interest is computed so that each total payment is constant commencing 1978-2019
USAID	Infrastructure 645k-003B	050002043	ZAR	Hedged	274,614.56	181,712.14	7,105.79	0.00	92,902.42	1.0000	92,902.42	Commencing 1978-2019
EIB	Lower Usuthu Smallholder Irrigation Project	21990	EUR	Unhedged	7,210,338.30	764,438.08	118,539.55	0.00	6,445,900.22	16.2578	104,796,156.60	Capital and interest repayable in 30 semi-annual instalments commencing 2003-2022
OFID	Sicunusa-Nhlangano 1268P	1268P	USD	Unhedged	5,761,604.60	833,320.00	321,760.21	0.00	4,928,284.60	14.5846	71,877,059.58	Capital and interest repayable in 30 constant and equal semi-annual payments commencing 2009-2028

Financier	Loan Name	Loan No.	Currency	Hedging Status	Opening Balance as at 31/03/2018 (FX)	Principal payment FX)	Interest Payment (FX)	Total Disbursement (FX)	Closing Balance as at 31/03/2019 (FX)	Spot rate (31/03/2019)	Closing Balance as at 31/03/2019 (E)	Particulars of Payments
OFID	Sicunusa-Nhlangano 1269PB	1269PB	USD	Unhedged	6,909,605.63	294,810.70	252,880.31	0.00	6,614,794.93	14.5846	96,474,138.14	Capital and interest repayable in 28 constant and equal semi-annual payments commencing 2009-2028
Bilateral	LOC USD20 Million	HOLCGUS D00000356	USD	Unhedged	14,665,496.00	2,666,452.00	374,489.10	0.00	11,999,044.00	14.4909	173,876,946.70	Capital and interest repayable in 20 consecutive and semi-annual payments ending in 2023
Bilateral	LOC USD37.9 Million	HOLCGUS D00000374	USD	Unhedged	19,319,642.31	0.00	516,622.06	0.00	19,319,642.31	14.4909	279,959,004.75	Capital and interest repayable in 13 consecutive and semi-annual payments ending in 2021
KFW	Rehabilitation of Hlathikhulu Hospital	198865917	EUR	Hedged	1,470,475.46	202,471.58	12,074.16	0.00	1,268,003.88	16.3825	20,773,073.56	Principal payment constant until loan matures commencing 1994-2034
KFW	Matsapha Industrial Site	198965212	EUR	Hedged	3,134,729.59	445,846.54	36,318.98	0.00	2,688,883.05	16.2578	43,715,322.85	Principal payment constant until loan matures commencing 1998-2027
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
ADB	Mafutseni-Mliba Road CHF	2100150000 921	CHF	Hedged	265,226.70	13,959.30	2,084.44	0.00	251,267.40	0.6868	172,570.45	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	2100150000 921	EUR	Hedged	651,152.39	34,271.22	4,859.52	0.00	616,881.17	16.2578	10,029,130.74	Commencing 1987-2037
ADB	Mafutseni-Mliba Road DKK	2100150000 921	DKK	Hedged	1,317,209.57	69,326.82	9,836.34	0.00	1,247,882.75	2.1898	2,732,613.64	Commencing 1987-2037
ADB	Mafutseni-Mliba Road JPY	2100150000 921	JPY	Hedged	9,599,165.43	505,220.00	71,661.00	0.00	9,093,945.43	7.6505	1,188,673.35	Commencing 1987-2037
ADB	Mafutseni-Mliba Road NOK	2100150000 921	NOK	Hedged	1,612,803.60	84,884.40	12,041.08	0.00	1,527,919.20	1.6747	2,558,806.28	Commencing 1987-2037
ADB	Mafutseni-Mliba Road SEK	2100150000 921	SEK	Hedged	729,308.16	38,384.64	5,443.39	0.00	690,923.52	1.5581	1,076,527.94	Commencing 1987-2037

Financier	Loan Name	Loan No.	Currency	Hedging Status	Opening Balance as at 31/03/2018 (FX)	Principal payment FX)	Interest Payment (FX)	Total Disbursement (FX)	Closing Balance as at 31/03/2019 (FX)	Spot rate (31/03/2019)	Closing Balance as at 31/03/2019 (E)	Particulars of Payments
ADB	Mafutseni-Mliba Road USD	2100150000921	USD	Hedged	754,667.05	39,719.34	5,632.26	0.00	714,947.71	14.4909	10,360,235.77	Commencing 1987-2037
ADB	Education 1 CHF	2100150000924	CHF	Hedged	1,459,169.46	55,063.00	10,905.86	0.00	1,404,106.46	0.6868	964,340.32	Commencing 1994-2044
ADB	Education 1 EUR	2100150000924	EUR	Hedged	4,360,637.01	164,552.10	32,589.77	0.00	4,196,084.91	16.2578	68,219,109.21	Commencing 1994-2044
ADB	Education 1 JPY	2100150000924	JPY	Hedged	338,520,753.00	12,774,368.00	2,530,506.00	0.00	325,746,385.00	7.6505	42,578,443.89	Commencing 1994-2044
ADB	Education 1 USD	2100150000924	USD	Hedged	972,216.10	36,687.40	7,266.44	0.00	935,528.70	14.4909	13,556,652.84	Commencing 1994-2044
ADB	Education 1 GBP	2100150000924	GBP	Hedged	242,963.65	9,168.44	1,815.92	0.00	233,795.21	18.8989	4,418,472.29	Commencing 1994-2044
ADB	Road Rehabilitation Study JPY	2100150000926	JPY	Hedged	365,369,107.30	16,993,912.00	2,729,094.00	0.00	348,375,195.30	7.6505	45,536,264.99	Commencing 1989-2039
ADB	Road Rehabilitation Study USD	2100150000926	USD	Hedged	899,230.87	41,824.70	6,715.01	0.00	857,406.17	14.4909	12,424,587.00	Commencing 1989-2039
ADB	Road Network Studies	2100150000928	USD	Hedged	981,510.04	50,333.84	0.00	0.00	931,176.20	14.5846	13,580,832.41	Commencing 1987-2037
ADB	Mbabane-Mhlambanyats i Road JPY	2100150000925	JPY	Hedged	2,196,366.59	107,140.00	16,402.00	0.00	2,089,226.59	7.6505	273,083.67	Commencing 1988-2038
ADB	Mbabane-Mhlambanyats i Road USD	2100150000925	USD	Hedged	4,022,206.19	196,205.18	30,029.48	0.00	3,826,001.01	14.4909	55,442,198.04	Commencing 1988-2038
ADB	Transport Sector Project CHF	2100150000927	CHF	Hedged	70,384.27	2,815.38	525.95	0.00	67,568.89	0.6868	46,406.31	Commencing 1993-2043
ADB	Transport Sector Project EUR	2100150000927	EUR	Hedged	3,059,459.36	122,378.36	22,860.46	0.00	2,937,081.00	16.2578	47,750,475.45	Commencing 1993-2043
ADB	Transport Sector Project JPY	2100150000927	JPY	Hedged	158,189,707.50	6,327,588.00	1,182,067.00	0.00	151,862,119.50	7.6505	19,849,960.07	Commencing 1993-2043
ADB	Transport Sector Project USD	2100150000927	USD	Hedged	4,647,183.83	185,887.36	36,121.98	0.00	4,461,296.47	14.4909	64,648,201.05	Commencing 1993-2043
ADB	Mkhondvo-Mahamba Road	2100150000922	USD	Hedged	2,644,096.15	160,248.26	19,718.76	0.00	2,483,847.89	14.4909	35,993,191.43	Commencing 1984-2034

Financier	Loan Name	Loan No.	Currency	Hedging Status	Opening Balance as at 31/03/2018 (FX)	Principal payment FX)	Interest Payment (FX)	Total Disbursement (FX)	Closing Balance as at 31/03/2019 (FX)	Spot rate (31/03/2019)	Closing Balance as at 31/03/2019 (E)	Particulars of Payments
ADB	Mkhondvo-Mahamba Road 923	2100150000923	USD	Hedged	2,719,335.50	247,212.28	20,222.30	0.00	2,472,123.22	14.4909	35,823,290.35	Commencing 1984-2034
EIB	Vocational Training	80206	USD	Hedged	853,333.33	90,369.14	5,393.25	0.00	762,964.19	14.4909	11,056,037.83	Capital and interest repayable in 60 semi-annual instalments commencing 1986-2026
ICDF	Lower Usuthu Smallholder Irrigation Project	SWZ-01-0511	USD	Unhedged	2,058,823.53	294,116.00	91,073.83	0.00	1,764,707.53	14.4909	25,572,200.33	Capital and interest repayable in 34 consecutive semi-annual instalments commencing 2003-2026
ABU DHABI	Manzini-Mbadlane	1207	USD	Unhedged	24,017,475.34	0.00	1,052,499.44	0.00	24,017,475.34	14.4909	348,034,833.47	Capital and interest repayable in 26 consecutive semi-annual instalments commencing 2015-2031
ADB	NTF KOMATI Downstream Development Project	2200160000131	USD	Unhedged	4,439,515.29	422,810.98	176,329.57	0.00	4,016,704.31	14.4909	58,205,660.49	Commencing 2008-2023
ADB	Mbabane Bypass Road	2000130000118	ZAR	Unhedged	135,622,827.80	13,434,017.02	22,603,804.62	0.00	122,188,810.78	1.0000	122,188,810.78	Commencing 2008-2024
ADB	KOMATI Downstream Development Project	2000130000083	ZAR	Unhedged	45,962,008.18	3,556,363.35	8,356,728.78	0.00	42,405,644.83	1.0000	42,405,644.83	Commencing 1978-2019
WB	IDA Education	0518-0 SW	USD/GBP	Unhedged	968,405.88	117,090.23	3,282.13	0.00	851,315.65	14.4909	12,336,329.98	Overall maturity is 40 years commencing 1974-2024
OFID	Manzini-Mbadlane	1631P	USD	Unhedged	6,694,335.06	0.00	571,189.46	0.00	6,694,335.06	14.4909	97,006,939.92	Capital and interest repayable in 30 semi-annual equal instalments commencing 2015-2034
JICA	Northern Main Roads MR5 & MR6 SW-P1	SW-P1	JPY	Hedged	4,192,205,998.95	201,724,000.00	53,537,241.00	0.00	3,990,481,998.95	7.6505	521,597,542.51	Capital and interest repayable in 30 consecutive semi-annual instalments commencing 2001-2031
BADEA	Manzini-Mbadlane	01/10/1999	USD	Unhedged	6,228,002.27	0.00	168,293.14	0.00	6,228,002.27	14.4909	90,249,358.09	Capital and interest repayable in 36 consecutive semi-annual instalments commencing 2015-2038
BADEA	Sicunusa-Nhlangano	01/10/1999	USD	Unhedged	7,277,000.00	375,000.00	134,750.64	0.00	6,902,000.00	14.4909	100,016,191.80	Commencing 2009-2034

Financier	Loan Name	Loan No.	Currency	Hedging Status	Opening Balance as at 31/03/2018 (FX)	Principal payment (FX)	Interest Payment (FX)	Total Disbursement (FX)	Closing Balance as at 31/03/2019 (FX)	Spot rate (31/03/2019)	Closing Balance as at 31/03/2019 (E)	Particulars of Payments
CPD ITALY	Rehabilitation of East-West Line	99/011/00	EUR	Unhedged	757,493.88	0.00	1,893.84	0.00	757,493.88	16.2578	12,315,184.00	Commencing 20002-2040
CPD ITALY	Rehabilitation of East-West Line	02/001/100	EUR	Hedged	9,440,954.64	0.00	37,763.84	0.00	9,440,954.64	16.2578	153,489,152.35	Commencing 20002-2040
NEDCOR	Maguga Dam NEDCOR	NEDCOR	ZAR	Unhedged	13,991,024.21	0.00	10,461,044.40	0.00	13,991,024.21	1.0000	13,991,024.21	Capital and interest repayable in 33 consecutive semi-annual instalments ending in 2019
RMB	Maguga Dam RMB	RMB	ZAR	Unhedged	28,032,393.58	0.00	21,413,790.22	0.00	28,032,393.58	1.0000	28,032,393.58	Capital and interest repayable in 36 consecutive semi-annual instalments ending in 2019
DBSA	Lower Usuthu Smallholder Irrigation Project	13606/102	ZAR	Unhedged	48,744,671.88	3,522,708.37	6,750,935.95	0.00	45,221,963.51	1.0000	45,221,963.51	Capital and interest repayable in 32 consecutive semi-annual instalments commencing 2003-2017
ADB	Two International Roads (Supplementary Loan)	2000130000016	ZAR	Unhedged	26,168,601.89	2,094,156.44	10,692,259.76	0.00	24,074,445.45	1.0000	24,074,445.45	Capital and interest repayable in 30 consecutive semi-annual instalments commencing 2006-2021
ADB	Lower Usuthu Smallholder Irrigation Project	2000130000330	ZAR	Unhedged	39,710,064.36	2,951,556.63	11,104,436.85	158,052,414.26	194,810,921.99	1.0000	194,810,921.99	Capital and interest repayable in 30 consecutive semi-annual instalments commencing 2009-2024
WBHO/AG THOMAS JV	Lukhula Big Bend Road	31556	ZAR	Unhedged	0.00	23,481,954.80	0.00	64,971,882.58	41,489,927.78	1.0000	41,489,927.78	Capital and Interest repayable in quarterly instalments for 60 months. Commencing 2018-2023
PROBASE	Probase Eswatini	546	USD	Unhedged	0.00	3,333,333.00	0.00	100,000,000.00	96,666,667.00	14.4909	1,400,787,004.83	Capital and Interest repayable after 15 years in semi-annual instalments. Commencing in 2018-2033
<b>Total External Debt</b>											<b>E7,476,381,870.58</b>	

**End period rates:**

E/GBP	18.8989
E/US\$	14.4909
E/AUD	9.0441
E/EURO	16.2578
E/DM	14.5087
E/ZAR	1.0000
E/DKK	2.1898
E/BF BF LOAN NOW DENOMINATED IN EUR	14.5087
E/SDR	17.1241
E/JPY	7.6505
E/KWD	47.5736
E/NOK	1.6747
E/SEK	1.5581
E/CHF	0.6868

**PUBLIC DOMESTIC DEBT BY INSTRUMENT AND HOLDER AS AT 31<sup>ST</sup> MARCH 2019**

<b>ITEM</b>	<b>FINANCIER TYPE</b>				<b>TOTAL</b>
	CENTRAL BANK	COMMERCIAL BANKS	NON-BANK FINANCIAL INSTITUTIONS	INDIVIDUALS & OTHER SOURCES	
<b>GOVERNMENT BONDS</b>					
NORMAL BOND	1,293,463,000.00	690,732,700.00	2,220,824,200.00	178,100,000.00	*4,383,119,900.00
SUPPLIERS' BOND	-	85,000,000.00	1,091,000,000.00	20,000,000.00	1,196,000,000.00
INFRASTRUCTURE BOND	130,000.00	85,460,000.00	511,000,000.00	4,372,000.00	600,962,000.00
<b>SUB-TOTAL</b>	<b>1,293,593,000.00</b>	<b>861,192,700.00</b>	<b>3,822,824,200.00</b>	<b>202,472,000.00</b>	<b>6,180,081,900.00</b>
<b>TREASURY BILLS</b>					
91 DAYS	1,010,000.00	460,370,000.00	123,650,000.00	67,230,000.00	652,260,000.00
182 DAYS	380,000.00	458,970,000.00	143,680,100.00	19,510,000.00	622,540,100.00
273 DAYS	140,000.00	529,580,000.00	194,740,000.00	10,870,000.00	735,330,000.00
364 DAYS	1,150,000.00	326,628,500.00	220,101,700.00	29,710,000.00	577,590,200.00
<b>SUB-TOTAL</b>	<b>2,680,000.00</b>	<b>1,775,548,500.00</b>	<b>682,171,800.00</b>	<b>127,320,000.00</b>	<b>2,587,720,300.00</b>
PROMISSORY NOTES	-	-	110,000,000.00	-	<b>110,000,000.00</b>
CBS ADVANCE	1,660,000,000.00	-	-	-	<b>1,660,000,000.00</b>
<b>GRAND TOTAL</b>	<b>2,956,273,000.00</b>	<b>2,636,741,200.00</b>	<b>4,614,996,000.00</b>	<b>329,792,000.00</b>	<b>10,537,802,200.00</b>
<b>TOTAL DOMESTIC DEBT</b>					<b>10,537,802,200.00</b>

**\*Notes:** Under listed below is the Bond Tenure breakdown under the Normal Bond Programme.

10 Year Bond	1,505,209,000.00
7 Year Bond	1,334,280,200.00
5 Year Bond	1,086,400,100.00
3 Year Bond	357,230,600.00
1.5 Year Bond	100,000,000.00
<b>Total Bond</b>	<b><u>4,383,119,900.00</u></b>

<b>Public Debt</b>	<b>Amount (E)</b>
Total External Debt	7,476,381,870.58
Total Domestic Debt	10,537,802,200.00
<b>Total Public Debt</b>	<b>18,014,184,070.58</b>

## APPENDIX 16

### 4.2. STATEMENT OF CONTINGENT LIABILITIES AS AT 31<sup>st</sup> MARCH 2019

	<b>(E)</b>
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	1,721,003,135.00
Less: Liquid Funds of the Bank	897,834,529.00
	823,168,606.00
International Bank of Reconstruction and Development Promissory Note	1,461,121.96
International Monetary Fund	1,288,341,128.50
Common Fund for Commodities: Promissory Note 1	1,055,047.55
Promissory Note 2	4,220,171.60
Standard Bank	33,482,146.00
Eswatini Electricity Company Government Guaranteed with Eswatini Bank	41,407,360.55
Swaziland Farmers Co-operatives Union Guaranteed with FINCORP	4,985,134.73
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
<b>Total</b>	<b>2,942,665,804.59</b>

## APPENDIX 18

### 4.3. STATEMENT OF WRITE OFFS, LOSS OF CASH, STAMPS, STORES AND ABANDONED CLAIMS AND LOSSES DUE TO ACCIDENTS ON VEHICLES FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2019

Particulars	Ministry/Department	Head	Authority	Amount (E)
Property	Labour and Social Security	40	FINI/17A/40	16,205.00
Handmade Carpets	Foreign Affairs & International Cooperation	7	FINI/17A/07	128,000.00
Cash	Foreign Affairs & International Cooperation	7	FINI/17A/07	22,182.06
<b>Total</b>				<b>166,387.06</b>

## APPENDIX 86

### 4.4. CENTRAL TRANSPORT ADMINISTRATION TRADING ACCOUNT AS AT 31<sup>st</sup> MARCH 2019

	Notes	(E)		Notes	(E)
Revenue Income	1	10,110,496.78	Personnel Emoluments		35,751,049.88
Capital Income	2	181,527,429.05	C.T.A. Charges		21,397,129.34
		<b>191,637,925.83</b>	Travel Transport & Comm.		1,899,569.84
Fuel Sales		146,194,858.88	Professional Services	3	112,524,920.57
Repairs & Maintenance		220,369,478.21	Rentals	4	167,472,575.23
Self-Accounting Bodies		16,309,081.80	Consumables		262,388,865.80
		16,289,081.80	Durables		762,832.80
Auction Sales		1,354,000.00			<b>602,196,943.46</b>
Driver Training Fees		39,684.00			
Sundry Fees		17,983.00			
		<b>575,923,011.72</b>			
			Deficit		<b>-26,273,931.74</b>
		<b>575,923,011.72</b>			<b>575,923,011.72</b>

### SURPLUS AND DEFICIT ACCOUNT FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2019

	(E)		(E)
Surplus b/f	457,641,847.06	Surplus carried forward	431,367,915.32
Trading deficit	-26,273,931.74		
	<b>431,367,915.32</b>		<b>431,367,915.32</b>

### PLANT & VEHICLES RENEWALS FUND AS AT 31<sup>st</sup> MARCH 2019

	Notes	(E)		Notes	(E)
Balance b/d 1/4/2018		715,044,481.26	Capital Expenditure	5	52,522,082.59
Accumulated Replacement			Balance c/f		844,049,826.92
Income	6	181,527,428.25			
		<b>896,571,909.51</b>			<b>896,571,909.51</b>

#### Notes:

- 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 vehicles [Item 04302].
- 4) Rentals:** include office rentals and vehicle hire from car rental suppliers.
- 5) Durables:** includes purchase of vehicles and plant, termed Capital Expenditure on this Financial Statement.
- 6) Accumulated Replacement Income:** is the Capital Income on the Financial Statement.

## 5. REPORT ON THE PROJECTED CASH FLOW POSITION OF THE BUDGET FOR THE YEAR TO 31<sup>st</sup> MARCH 2020

### REPORT ON THE PROJECTED CASH FLOW POSITION OF THE BUDGET FOR THE YEAR TO 31<sup>st</sup> MARCH 2020

SRA-TAX REVENUE	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20
Forecast from SRA: monthly	768.64	729.11	1,065.27	860.48	813.86	847.46	856.95	766.28	1209.68	885.84	647.40	844.35
in millions	769.19	679.81	983.69	920.60	741.15	109.93						
2019/2020	0.54	(49.30)	(81.57)	60.12	(72.71)	(737.53)	(856.95)	(766.28)	(1,209.68)	(885.84)	(647.40)	(844.35)
Actuals												
Variances												
TREASURY-NON-TAX REVE	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20
	26.61	26.68	28.82	30.41	27.70	25.79	30.14	30.42	50.65	53.04	43.93	91.20
in millions	29.90	19.61	17.39	28.38	23.55	9.40						
2019/2020	3.28	(7.07)	(11.43)	(2.03)	(4.14)	(16.40)	(30.14)	(30.42)	(50.65)	(53.04)	(43.93)	(91.20)
Actuals												
Variances												
	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20
REVENUE AND FINANCING	338.00											
in millions	799.08	699.42	1,001.08	948.98	764.71	873.25	887.09	796.70	1,260.32	938.88	691.33	935.55
OPENING BANK BALANCE	1,579.54			1,579.54	-	119.32	1,579.54	-	-	1,579.54	-	-
DOMESTIC REVENUE			65.00									
SACU REVENUE							100.00	100.00	100.00	100.00		
EEC Dividends					-	45.00	45.00	45.00	45.00	45.00	45.00	45.00
SALES OF GOVT ASSETS	26.38	77.86	233.21	29.16	(24.05)	31.84	(52.12)	58.36	73.21	(20.40)	44.93	(119.46)
Finance bill Measures				300.00	75.50	60.00	56.00	56.00	56.00	56.00	56.00	56.00
Net funding					18.10							
Private placement						3,000.00						
Infrastructure Bond					75.20							
Short-term Arrears loan		270.00	100.00									
Scholarship recoveries				460.00	600.00	600.00						
RESERVES/CIF			50.00									
CBE Advance				253.31								
EEC BOND			150.00									
CBE Dividend	2,743.00	1,047.29	1,599.30	3,570.99	1,509.46	4,729.41	2,615.51	1,056.06	1,534.53	2,699.02	837.26	917.09
STRATEGIC OIL												
Revenue & Financing												
	1,208.30	690.80	869.49	569.00	948.70	965.06	1,299.08	1,030.81	957.96	1,348.32	1,213.85	1,893.62
EXPENDITURE	613.30	52.62	288.27	1,061.06	484.80	424.74	322.18	324.64	333.32	333.68	339.49	458.82
Statutory Expenditure				1,707.70		460.00	600.00	600.00				
Non-Statutory							171.00			171.00		
CBE ADVANCE	-	77.81	233.20	282.49	44.00	242.61	126.08	142.92	130.78	177.79	153.26	117.81
Arrears Loan Repayment	9.50					251.90						
CAPEX	17.50					414.79						
ARREARS 2016/2017	538.30	264.48	24.94	141.24	31.92	1,532.72						
ARREARS 2017/2018	2,386.90	1,085.71	1,415.90	3,761.49	1,509.42	4,291.82	2,518.34	2,098.37	1,422.05	2,030.79	1,706.59	2,470.25
ARREARS 2018/19												
Total expenditure	356.10	(38.42)	183.40	(190.50)	0.04	437.59	97.16	(1,042.30)	112.48	668.23	(869.33)	(1,553.16)
Surplus/Deficit	356.10	317.68	501.08	310.58	310.61	748.20	845.36	(196.94)	(84.46)	583.77	(285.56)	(1,838.72)
Cumulative												
0 Surplus/Deficit												

## 6. REPORT ON COMPLIANCE AND VALUE FOR MONEY ON ALL BORROWED FUNDS

### 6.1. VALUATION ON COMPLIANCE ON ALL BORROWED FUNDS

I am also 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.

### 6.2. PUBLIC DEBT

The Statement of Public Debt shows that total public debt stood at E18,014,184,070.58, which was 27% of the Gross Domestic Product (GDP). A significant increase in the total Public Debt of E5,6 billion (45%) from the previous financial year's E12,5 billion was noted. The increase in public debt was attributed to an increase of 37% in Domestic Debt from E7,7 billion in the fiscal year 2018 to E10,5 billion in 2019, and a significant increase in External Public Debt of 57% from E4,8 billion in the preceding financial year to E7,5 billion in 2019.

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

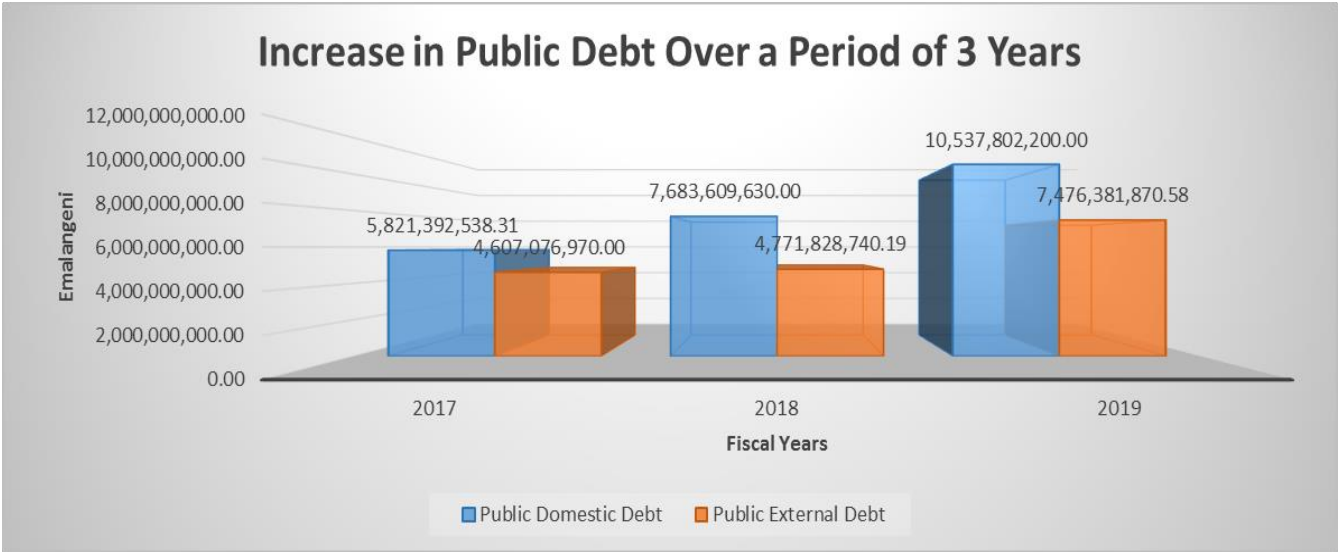
#### Public Debt over a period of three years

Category	As at 31 <sup>st</sup> March 2017	Increase/ (Decrease) 2017 to 2018	As at 31 <sup>st</sup> March 2018	Increase/ (Decrease) 2018 to 2019	As at 31 <sup>st</sup> March 2019
	(E)	%	(E)	%	(E)
Public Domestic Debt	5,821,392,538.31	32%	7,683,609,630.00	37%	10,537,802,200.00
Public External Debt	4,607,076,970.00	4%	4,771,828,740.19	57%	7,476,381,870.58
<b>Total Public Debt</b>	<b>10,428,469,508.31</b>	<b>19%</b>	<b>12,455,438,370.19</b>	<b>45%</b>	<b>18,014,184,070.58</b>

According to the Bretton Woods Institutions, the International Monetary Fund and the World Bank, public debt should not exceed 35% of the GDP.

Even though the public debt levels are still below the threshold of the Gross Domestic Product, the rapid increase is alarming. Since revenue collections continue to decline and public expenditure continues to escalate, it is likely that the Government’s gearing level may increase beyond the acceptable threshold.

The graphical presentation of the movement of public debt below, indicates the continuous growth of public debt from the fiscal year ended 31<sup>st</sup> March 2017 to 31<sup>st</sup> March 2019.



**Debt Management Strategy**

I observed that there was no officially endorsed Debt Management Strategy but a draft strategy was being developed.

Public debt strategic management is critical in a country's capacity to finance its policy objectives and service delivery that adds value to the lives of the citizens. The reduction in the total government revenue, may inevitably compel the Government of Eswatini to continue increasing its public debt. However, a well-informed Public Debt Management Strategy is required at the earliest time possible as large adjustments to the country’s borrowing levels from 27% to 35% of the GDP may threaten the Country’s economic stability.

The country continues to face a challenging economic environment due to rising government spending and low revenue from the Southern African Customs Union (SACU). The rising of Government spending and reduction of revenue have increased public debt and contributed to large domestic arrears. Reserves have also declined, although remain

broadly adequate, and real GDP growth has been slow. Despite all these, the current debt situation has not yet reached the threshold of 35%, however, careful consideration should be given to debt service ratios to avoid breach of their respective thresholds.

My observations on unreported arrears amounting to E3,194,134,221.91 and unreconciled Government accounts, which tend to give an erroneous picture of Government's cash flow position, indicate that a Debt Management Strategy that is not informed by accurate Government Accounts is likely to be inconsistent with the real cash flow position and the Country's ability to make debt repayments in the foreseeable future.

Furthermore, the unreported arrears conceal the accounts payable within one fiscal period and tend to increase domestic debt levels. On another note, the decreasing trend in revenue collections and the increase in domestic debts may, in the long run, discourage local companies from trading with the Government, due to the history of delays in payment of debts to local companies.

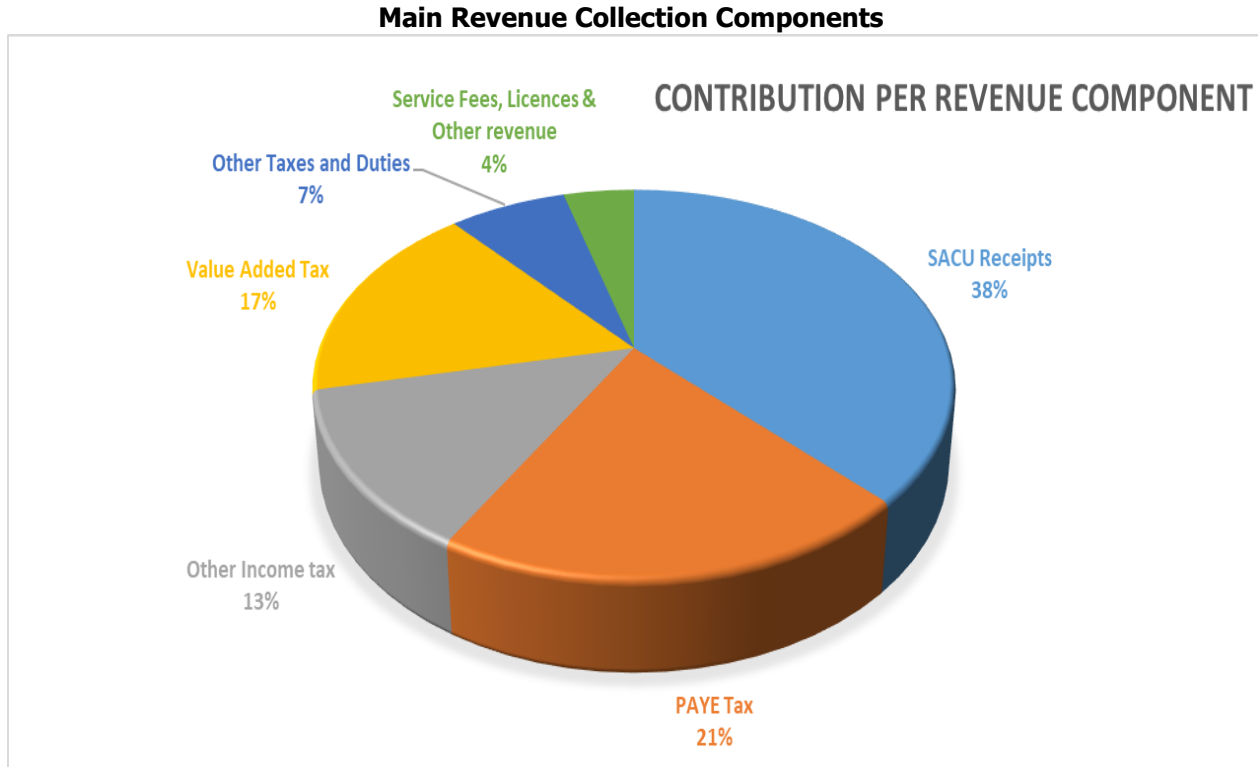
As such, well-informed policy corrections should be introduced to avoid payment difficulties and a payments crisis that may arise if the borrowing levels become unsustainable. A quick introduction of an integrated financial management information system, may facilitate proper management of the country's debt, leading to better credibility and market access to international capital markets, in the long run, as opposed to dependence on external financing needs, mainly through concessional resources.

## 7. RECURRENT REVENUE PERFORMANCE

During the fiscal year ended 31<sup>st</sup> March 2019, the actual recurrent revenue collection was E15,504,301,028.72, and was slightly below the projection of E15,793,624,190.00, by E289,323,161.28, that is 1.8 %. Compared against the prior year, I observed a decline of E1,738,801,390.97, that was 10% of the previous year's collection of E17,243,102,419.69. The performance of the main components of revenue is presented in the following table.

Revenue Components	2019 (E)	Contribution (%)
<b>SACU Receipts</b>	<b>5,843,952,484.00</b>	38%
<b>Domestic Revenue Collections:</b>	<b>9,660,348,544.72</b>	
PAYE Tax	3,198,584,252.97	21%
Other Income tax	2,056,534,873.25	13%
Value Added Tax	2,649,911,924.52	17%
Other Taxes and Duties	1,107,845,897.69	7%
Service Fees, Licences & Other Revenue	647,471,596.29	4%
<b>Total Recurrent Revenue Collection</b>	<b>15,504,301,028.72</b>	

The Collections from the main components of revenue for the year ended 31<sup>st</sup> March 2019 are presented in the following pie-chart.

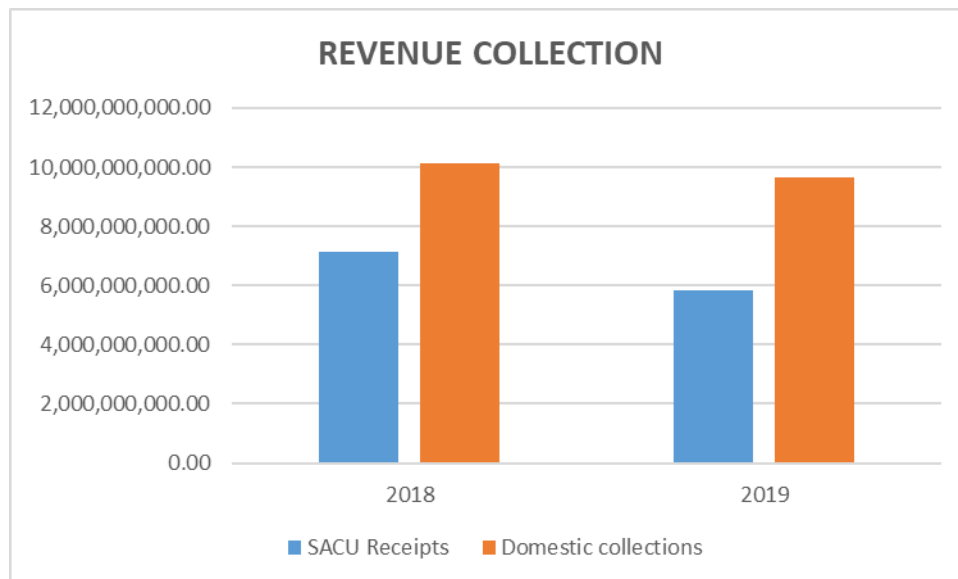


SACU receipts remain the largest contributor with a contribution of 38% (E5,843,952,484.00) of revenue towards the overall revenue collections. Followed by 'Pay As You Earn' (PAYE) which yielded 21%, that is E3,198,584,252.97 of the overall population, then Value Added Tax (VAT) with a yield of 17%, that is E2,649,911,924.52, and the income tax generated 13%, that is E2,056,534,873.25. While the other collections amounted to E1,755,317,493.98.

Both domestic and SACU revenue collections for the year ended 31<sup>st</sup> March 2019 showed a decline of E1,738,801,390.97, which was 10% below last year's overall revenue collections. The table below depicts the decline in revenue collections: -

	<b>2018 (E)</b>	<b>2019 (E)</b>	<b>Decrease</b>	<b>% Decrease (2018/2019)</b>
<b>SACU Receipts</b>	7,126,823,479.00	5,843,952,484.00	-1,282,870,995.00	-18%
<b>Domestic collections</b>	10,116,278,940.69	9,660,348,544.72	-455,930,395.97	-5%
<b>Total</b>	<b>17,243,102,419.69</b>	<b>15,504,301,028.72</b>	<b>-1,738,801,390.97</b>	<b>-10%</b>

There was a decline in SACU receipts of 18% from an upper base of E7,126,840,051.00 in the financial year 2018 to E5,843,952,484.00 in 2019. Further, Domestic Revenue Collection showed a slight decrease of 5% from E10,116,278,940.69 in the financial year 2018 to E 9,660,348,544.72 in the fiscal year 2019. The graph below illustrates the movement of SACU receipts and domestic revenue collections between the two fiscal periods, ending 31<sup>st</sup> March 2018 to 31<sup>st</sup> March 2019



The detailed Recurrent Revenue Performance for both SACU receipts and Domestic Revenue Collection with estimates for the year ended 31<sup>st</sup> March 2019 is illustrated in the following table.

### Detailed Recurrent Revenue Performance

Source	Estimate	Actual Revenue	Variance
Eswatini Revenue Authority (ESRA):	E	E	E
SACU Receipts	5,843,952,000.00	5,843,952,484.00	484.00
PAYE	3,231,071,000.00	3,198,584,252.97	(32,486,747.03)
Income Tax	1,919,000,290.00	2,056,534,873.25	137,534,583.25
Value Added Tax	2,953,973,000.00	2,649,911,924.52	(304,061,075.48)
Other Taxes and Duties	1,056,882,000.00	1,107,845,895.69	50,963,897.69
	<b>15,004,878,290.00</b>	<b>14,856,829,430.43</b>	<b>(148,048,857.57)</b>
<b>Service fees, Licences and other revenue</b>			
Motor Vehicle and Drivers Licences	34,695,180.00	36,376,160.77	1,680,980.77
Business Licences	27,301,720.00	28,775,524.20	1,473,804.20
Other Licences	861,000.00	667,255.00	(193,745.00)
Judicial Fines	19,060,000.00	39,375,718.80	20,315,718.80
Rentals	21,213,000.00	12,629,012.30	(8,583,987.70)
Sale of Goods	10,365,000.00	3,126,701.64	(7,238,298.36)
Sale of Land & Titles	3,837,000.00	477,972.30	(3,359,027.70)
Agricultural Services Fees	894,000.00	2,186,642.50	1,292,642.50
Medical & Hospital Service Fees	3,672,000.00	7,502,834.42	3,830,834.42
Educational Service Fees	93,000.00	306,645.00	213,645.00
Immigration & Travel Fees	14,705,000.00	31,053,782.72	16,348,782.72
Utilities Service Fee	31,000.00	119,620.00	88,620.00
Other Sundry Fees	550,937,000.00	384,105,867.83	(166,831,132.17)
Education Loan	31,026,000.00	27,946,221.27	(3,079,778.73)
Attestation	14,000.00	16,790.00	2,790.00
Hotel and Restaurant Tax	-	102.00	102.00
Stamp Duties	25,599,000.00	23,482,873.39	(2,116,126.61)
Sugar levy	-	6,197.20	6,197.20
Transfer Duty	38,480,000.00	49,310,365.45	10,830,365.45
Cattle Export Levy	2,000.00	662.50	(1,337.50)
Cattle slaughter Tax	34,000.00	4,647.00	(29,353.00)
Levy on imported vehicles	5,926,000.00	-	(5,926,000.00)
	<b>788,745,900.00</b>	<b>647,471,596.29</b>	<b>(146,807,578.79)</b>
<b>Sub-total</b>	<b>15,793,624,190.00</b>	<b>15,504,301,028.72</b>	<b>(289,323,161.28)</b>
Less: dishonoured cheques		<b>(14,922.13)</b>	
<b>Total</b>		<b>15,504,286,106.59</b>	

The decline in revenue components was alarming, hence efforts should be directed towards minimising expenditure levels and maximising revenue collections. Government should continue enforcing stringent cost reduction strategies in its operations, while exploring new avenues of revenue generation to increase revenue collections. Such a recommendation emanates from an observation that in the financial year under review,

revenue sub-components, which actively generated substantial revenue for Government in prior years, registered a drastic decrease while some had a nil contribution.

The table below depicts the overall fall in revenue compared to the previous year ended 31<sup>st</sup> March 2018.

Revenue Type	Current year Collections	Prior Year Collections	Decrease	Percentage decrease (%)	Management Responses
	2019	2018			
	(E)	(E)	(E)		
Customs Union Revenue	5,843,952,484.00	7,108,733,424.00	1,264,780,940.00	18%	The decline in SACU revenue was the lower outturn on the SACU common revenue pool and the slow growth of Eswatini's intra SACU imports.
Non-Resident Tax Interest	0	170,383.00	170,383.00	100%	Collections from these revenue lines were reported under Withholding tax Non –resident supplier's goods & services. A split of the revenue lines will be revised and implemented.
Non-Resident-Contractors	0	1,281,130.00	1,281,130.00	100%	Collections from these revenue lines were reported under Withholding tax Non –resident supplier's goods & services. A split of the revenue lines will be revised and implemented
Value Added Tax	2,649,911,924.52	3,582,880,309.00	932,968,384.48	26%	The figure for 2018 included refunds whereas the collection for the year 2019 was net of refunds.
Visa Fees	1,552,207.34	5,226,124.36	3,673,917.02	70%	There were many meetings which required visas in 2018 compared to 2019
Broadcasting & Advertising Fees	1,712,608.60	2,359,021.81	646,413.21	27%	Some revenue was collected from corporate clients who had informational and promotional shows. However, these were suspended indefinitely as they were inconsistent with Eswatini Communications Commission (ESCCOM) regulations regarding broadcasting.
Cross Border Permit	820,740.00	1,002,260.00	181,520.00	18%	There was a decrease in the influx of applicants for ad-hoc permit, hence the reduction in revenue collected.
<b>Total</b>			<b>2,203,702,687.71</b>		

The management responses on the reasons for a decline in revenue collections were noted, however, I was not satisfied with the explanation given by the Eswatini Revenue Authority (ESRA) that in the year ended 31<sup>st</sup> March 2018, the figure for Value Added Tax included refunds. Normally, the Authority transfers revenue collections to the Government net of refunds. Thus, I am not aware of any changes in the policies which led to the deviation from their normal practice.

## 8. RECURRENT EXPENDITURE

### 8.1. Budget for Recurrent Expenditure

The recurrent budget estimates approved by Parliament at the beginning of the fiscal year ended 31<sup>st</sup> March 2019 amounted to E17,058,116,564.00. Thereafter, it was revised upwards to E17,343,667,066.00 during the year, which reflects an increase of E285,550,502.00 from the original budget. However, I noted that the released budget funds amounted to E15,284,926,429.00, and the Recurrent Operations of Government were shortly financed by E2,058,740,637.00 (12%), due to cash flow constraints.

The details of the appropriated budget and released funds per expenditure control items for Recurrent Operations for the financial year ended 31<sup>st</sup> March 2019 are depicted below:

Expenditure Control Item	Appropriated Budget (Revised)	Released Funds	Unfinanced Budget	%
	E	E	E	
00 - CTA Vehicle Charges	458,404,840.00	318,259,272.00	140,145,568.00	30.6%
01 - Personnel Costs	6,564,421,570.00	6,608,275,384.00	-43,853,814.00	-0.7%
02 - Travel, Transport and Communication	417,041,517.00	392,306,928.00	24,734,589.00	5.9%
03 – Drugs	463,325,938.00	463,135,677.00	190,261.00	0.0%
04 - Professional and Special Services	865,474,090.00	718,127,981.00	147,346,109.00	17.0%
05 - Rentals (Land, Buildings and Computer Equip)	244,616,034.00	241,469,210.00	3,146,824.00	1.3%
06 - Consumables Materials and Supplies	561,128,753.00	510,658,775.00	50,469,978.00	9.0%
07 - Durable Materials and Equipment	30,161,286.00	29,222,619.00	938,667.00	3.1%
10 - Grants and Subsidies – Internal	5,819,365,007.00	5,054,141,004.00	765,224,003.00	13.1%
11 - Grants and Subsidies – External	90,128,031.00	78,714,134.00	11,413,897.00	12.7%
12 - Public Debt	1,829,600,000.00	870,615,445.00	958,984,555.00	52.4%
<b>Grand Totals</b>	<b>17,343,667,066</b>	<b>15,284,926,429</b>	<b>2,058,740,637</b>	<b>11.9%</b>

The Public Debt was shortly financed by E958,984,555.00 (52.4%), from the appropriated budget of E1,829,600,000.00, the Ministry of Finance only released funds amounting to E870,615,445.00. This indicates that the expected Public Debt obligations of both principal repayments and interests due during the fiscal year under review, remained unfinanced from the recurrent revenue source. This contributed to the increase in the Public Debt due to accumulation of interests and defaulted obligations.

The budget funds for the Internal Grants and Subsidies were shortly financed by E765,224,003.00 (13%), from the appropriated budget of E5,819,365,007.00 to E5,054,141,004.00; while the External Grants and Subsidies' shortfall was E11,413,897.00 (13%), from the appropriated budget of E90,128,031.00 to a released budget of E78,714,134.00.

The Professional and Special Services appropriated budget was shortly financed by E147,346,109.00 (17%), as the released budget funds were E718,127,981.00.

The budget for the CTA Vehicle Charges was shortly released by E140,145,568.00, that is 31%, from the appropriated budget of E458,404,840.00 to 318,259,272.00.

Likewise, the Consumable Materials and Supplies were also shortly financed by E50,469,978.00, (9%), from the appropriated budget of E561,128,753.00 to E510,658,775.00.

On the other hand, the Personnel Costs were over financed by E43,853,814.00.

## **8.2. Recurrent Expenditure Performance**

In the financial year under review, the Government recurrent operations incurred an unauthorised over expenditure of E844,660,883.00 which was 6% in excess of released budget. The total annual revenue collection was E15,504,301,028.72 which was marginally equivalent to the released budget funds of E15,284,926,429.00, against the actual expenditure of E16,129,587,312.23. Therefore, this indicates that the over expenditure was either financed from opening bank balances or borrowings. I observed that there was unauthorised over expenditures incurred on CTA Vehicle Charges, Personnel Costs, Professional and Special Services, Rentals, and Public Debt, which amounted to E1,1 billion; whilst the rest of the Expenditure Control Items incurred under expenditures amounting to E285,520,193.00.

The recurrent expenditure performance is tabulated as follows:

<b>Unauthorised Over Expenditure on Recurrent Vote</b>					
<b>Recurrent Expenditure</b>	<b>Approved Budget (E)</b>	<b>Released Funds (E)</b>	<b>Actual Expenditure (E)</b>	<b>Over Expenditure (E)</b>	<b>%</b>
00 - CTA Vehicle Charges	458,404,840.00	318,259,272.00	598,152,317.46	279,893,045.46	88%
01 - Personnel Costs	6,564,421,570.00	6,608,275,384.00	7,430,658,716.60	822,383,332.60	12%
04 - Professional and Special Services	865,474,090.00	718,127,981.00	721,434,002.47	3,306,021.47	1%
05 - Rentals (Land, Buildings and Computer Equip)	244,616,034.00	241,469,210.00	251,880,547.85	10,411,337.85	4%
12 - Public Debt	1,829,600,000.00	870,615,445.00	884,802,783.35	14,187,338.35	2%
<b>Total Unauthorised Over Expenditure on Recurrent Vote</b>				<b>1,130,181,076</b>	

02 - Travel, Transport and Communication	417,041,517.00	392,306,928.00	357,924,854.24	34,382,073.76	9%
03 – Medical Drugs	463,325,938.00	463,135,677.00	412,123,608.05	51,012,068.95	11%
06 - Consumables Materials and Supplies	561,128,753.00	510,658,775.00	496,584,689.98	14,074,085.02	3%
07 - Durables Materials and Equipment	30,161,286.00	29,222,619.00	25,852,105.90	3,370,513.10	12%
10 - Grants and Subsidies – Internal	5,819,365,007.00	5,054,141,004.00	4,875,465,646.09	178,675,357.91	4%
11 - Grants and Subsidies – External	90,128,031.00	78,714,134.00	74,708,040.24	4,006,093.76	5%
<b>Total Under Expenditure on Recurrent Vote</b>				<b>285,520,193</b>	
<b>Grand Total</b>	<b>17,343,667,066</b>	<b>15,284,926,429</b>	<b>16,129,587,312</b>	<b>844,660,883</b>	<b>6%</b>

***Personnel Costs:***

The table above show that the wage bill consumed 48% of the released budget, and it was 46% of the total actual expenditure of E16,129,587,312.23. Despite the cost reduction interventions which include freezing of filling of vacant posts and promotions, and postponement of Cost of Living Adjustment, I noted that the Personnel Costs Item had a 7% increase of E512,842,941.60 from E6,917,815,775 in the fiscal year 2017/2018 to E7,430,658,716.60, in 2018/2019. I also observed that the Personnel Costs Item incurred a significant over expenditure of E822,383,332.60; since the actual expenditure of E7,430,658,716.60 was 12% in excess of the released budget funds and exceeded the tolerable threshold of 10%. The released budget funds amounted to E6,608,275,384.00 over the appropriated budget of E6,564,421,570.00, thus the budget of the Personnel Costs was over financed by E43,8533,814.00. This reflects that funds were diverted from other Government programs to finance both the increase and over expenditure on Personnel Costs. This, ultimately, indicates weak internal controls in the management of Personnel Costs, and inadequate performance management systems.

One of the remedies would be to ensure that the Human Resource Management System interfaces with the Government’s Payroll System so that payments to non-existing (ghost) employees may be easily detected and avoided; while instilling the culture of excellence and encouraging every civil servant to give their best to the Government and add value to lives of the citizens.

***Internal Grants and Subsidies:***

Another item that consumed a notable portion of the released budget was Internal Grants and Subsidies, which consumed 32% of the overall released budget of E15.3 billion, and 30% of the overall actual expenditure of E16 billion. My concern is that a subvention of E824,968,703.00 granted to Public Enterprises was not audited, as I have mentioned in paragraph 9.2 of this report. This constitutes 60% of a total subvention of E1,409,355,886.00 and 17% of the total of E4,875,465,646.09 paid out by the Government as Internal Grants and Subsidies in the fiscal period ended 31<sup>st</sup> March 2019.

### **CTA Vehicle Charges:**

I observed an alarming over expenditure on CTA Vehicle Charges of E279,893,045.46 (88%) in excess of the released budget of E318,259,272.00. This trend of excessive overspending adversely increased over the past years. In the year 2018, CTA Vehicle Charges overspent by 86% beyond released funds whereas in the year 2017, there was an over expenditure of 60%.

The over expenditure on CTA Vehicle Charges is caused by inadequate management of fuel, mismanagement and extensive abuse of Government Vehicles, and excessive use of rental vehicles. Further, the Auditor General's report of 2018 highlighted the following control weaknesses on CTA Vehicle Charges: (1) unauthorised fuel and maintenance charges; (2) unlawful re-fuelling of government vehicles; (3) re-fueling of vehicles with stagnant mileage readings; (4) inconsistent mileage recordings; (5) vehicles not appearing in the Central Transport Administration System; (6) fuel charges and maintenance costs for un-serviced vehicles; and (7) non-accountability for fuel expenditure.

Although I have noted that a few Ministries have improved internal controls with regards to CTA Vehicle Charges, such as the Ministry of Tourism and Environmental Affairs; Parliament; Ministry of Sports, Culture and Youth Affairs; Ministry of Foreign Affairs and International Cooperation; Ministry of Housing and Urban Development; Ministry of Education and Training; Ministry of Finance; Treasury and Stores Department; Internal Audit; Ministry of Public Works; Elections and Boundaries Commission; and Anti-Corruption Commission, they continued to incur unauthorised over expenditure amounting to E308,523,271.02. Moreover, an unauthorised or unbudgeted expenditure of E31,808,579.80 on CTA Vehicle Charges was incurred by the Police Service.

Over expenditure on CTA Vehicle charges, which were above 10%, as obtained in the Government Accounting System, from BD130 function, are depicted in the table below:

<b>Head</b>	<b>Ministry</b>	<b>Released Budget</b>	<b>Actual Expenditure</b>	<b>Over Expenditure</b>	<b>%</b>
03	Cabinet and Private Offices	1,006,063.00	4,026,608.42	3,020,545.42	300%
05	Police	51,993,097.00	136,795,639.88	84,802,542.88	163%
06	Deputy Prime Minister's Office	7,689,750.00	8,619,323.71	929,573.71	12%
08	Ministry of Defence	54,641,935.00	87,671,304.59	33,029,369.59	60%
09	Ministry of Tinkhundla Administration and Development	2,255,735.00	6,635,240.73	4,379,505.73	194%
10	Ministry of Natural Resources and Energy	10,781,246.00	14,777,594.25	3,996,348.25	37%
15	Geological Surveys, Minerals and Mines Department	2,083,378.00	3,090,005.29	1,006,627.29	48%
20	Ministry of Agriculture	25,085,886.00	31,086,915.56	6,001,029.56	24%

Head	Ministry	Released Budget	Actual Expenditure	Over Expenditure	%
23	Ministry of Economic Planning and Development	1,695,415.00	3,832,327.17	2,136,912.17	126%
26	Fire and Emergency Services Department	16,098,568.00	22,011,205.89	5,912,637.89	37%
29	Ministry of Commerce, Industry and Trade	2,379,934.00	6,246,719.70	3,866,785.70	163%
40	Ministry of Labour & Social Security	1,165,090.00	4,504,042.20	3,338,952.20	287%
43	Ministry of Information, Communication and Technology	2,076,048.00	6,650,723.36	4,574,675.36	220%
45	Ministry of Health	17,403,700.00	68,691,836.46	51,288,136.46	295%
46	Ministry of Justice and Constitutional Affairs	1,810,647.00	5,596,028.59	3,785,381.59	209%
48	Judiciary	665,550.00	3,245,410.96	2,579,860.96	388%
49	Correctional Services	19,139,874.00	33,702,428.82	14,562,554.82	76%
50	Ministry Home Affairs	3,234,270.00	20,680,055.52	17,445,785.52	539%
53	Ministry of Public Works and Transport	17,005,787.00	57,474,703.58	40,468,916.58	238%
91	CTA	-	21,397,129.34	21,397,129.34	
	<b>Total</b>	<b>238,211,973.00</b>	<b>546,735,244.02</b>	<b>308,523,271.02</b>	<b>130%</b>

### Unauthorised or Unbudgeted Expenditure on CTA Vehicle Charges

Ministry / Head	Department/ Centre	Amount (E)
<b>05: Police Service</b>	Intelligence Unit (21)	311,167.42
	General Policing (22)	15,143,917.77
	Protection of Heads of State and Diplomats (24)	6,361,195.43
	Immigration (Border posts) (25)	9,992,299.18
<b>Total</b>		<b>31,808,579.80</b>

Therefore, I recommend that, in collaboration with the Ministry of Finance, and the Ministry of Public Works and Transport, Central Transport Administration Department should design a transparent real time Transport Management System and a Transport Management Strategy and also educate all ministries about it to address the issue of over expenditure on CTA Vehicle Charges.

### **Rentals**

I noted that the Rentals Item incurred an unauthorised over expenditure of E10,411,337.85, which was 4% in excess of the released funds, as the actual expenditure was E251,880,547.85. The released budget funds amounted to E241,469,210.00 over the appropriated budget of E244,616,034.00; thus the budget of the Rentals was under financed by E3,146,824.00, which was 1.3%.

There was a significant increase of 59% on Rental Costs, which translated to E93,364,203.13, from E158,516,344.72 in the fiscal year 2017/2018 to E251,880,547.85 in 2018/2019.

The high rental costs are caused, in part, by mismanagement of the Government housing portfolio. It was highlighted in previous reports that the allocation of government housing

lacks fairness and transparency. The Ministry of Public Service Housing Section continues to allocate leased houses to Civil Servants, which escalates the rental charges. Furthermore, the dilapidated state of Government office buildings forces Government to lease office space.

### ***Savings on Travel, Transport and Communication***

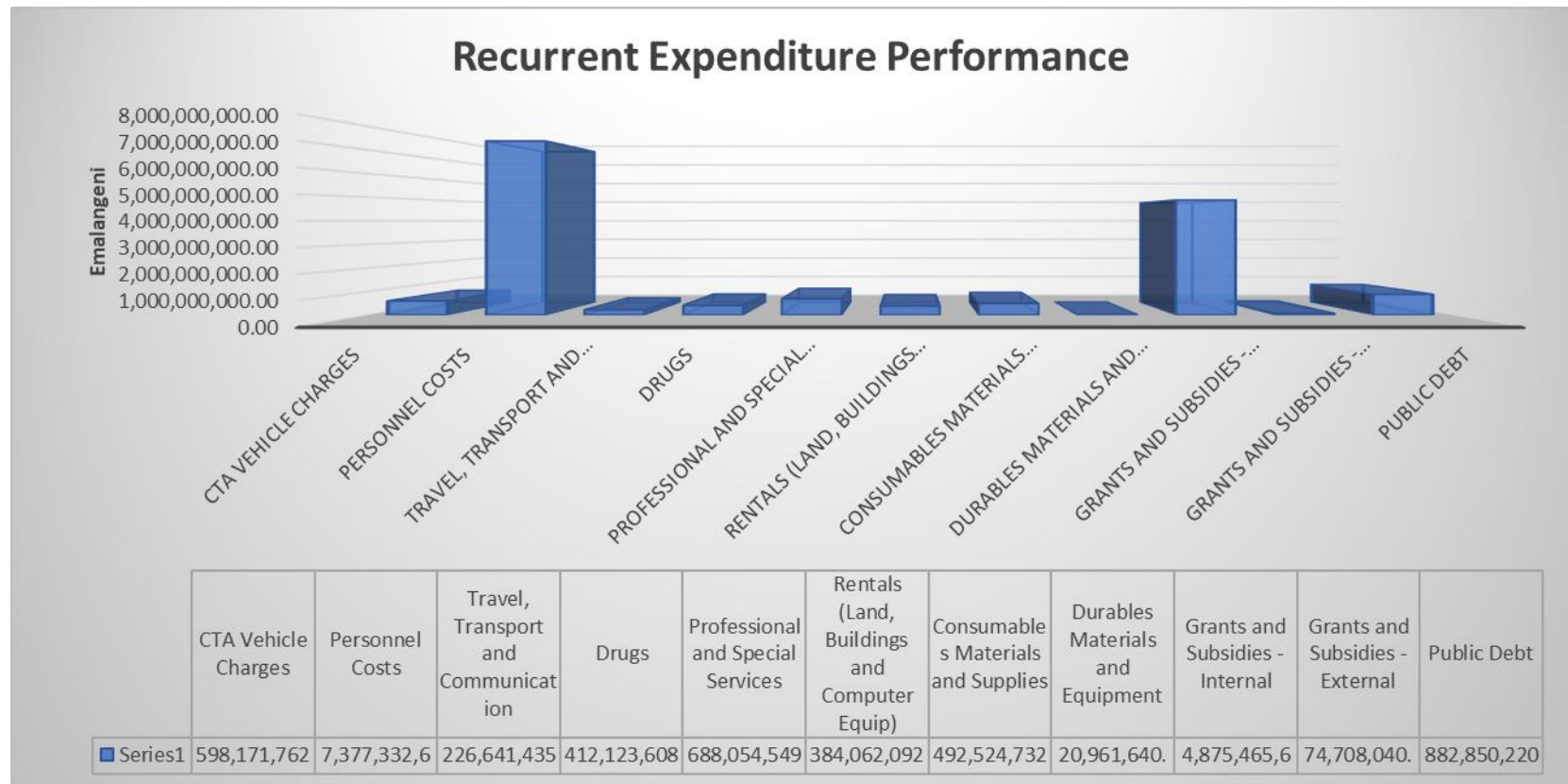
On the other hand, Travel, Transport and Communication Item had an under expenditure of E34,382,073.76, which was 9% less than the released budget funds.

The item has also achieved a decrease in spending of E241,032,004.07, which was 40%, from E598,956,858.31 in 2017/2018 to E357,924,854.24 in 2018/2019. This was due to the strengthening of internal controls by Government; wherein non-sponsored travel and subsistence allowances were suspended. The scrutiny of external travel requests to ascertain what value and benefits will be gained by the country, yielded these positive results, which is commendable. The same scrutiny needs to be applied on the CTA Vehicle Charges, Rentals and Personnel Costs.

In conclusion, the Government institutions were required to maximise the available resources, and to cut costs and prioritise essential expenditure while striving to achieve fully their mandates. The under (shortly) financing of essential programmes and activities may result in reduced service delivery to the public and a low standard of living, particularly affecting the lives of underprivileged citizens. Notable cases were: the shortage of medical drugs in the health institutions that was due to insufficient and improper acquisition of drugs. Underprivileged citizens were attended at the health institutions but were not receiving the essential medication they needed for their health. Moreover, in most government technical institutions such as Ministry of Works and Public Transport, Ministry of Natural Resources, the Office of the Survey General and others, I observed that most of their technical personnel were often idle due to lack of working tools, materials, and uniforms.

A graphical presentation of the recurrent expenditure indicates that the wage bill, and internal grants and subsidies consume a notable size of the country's budget, leaving a meagre budget for running the day to day operations of Government. One of the remedies would be to reduce the number of public enterprises by combining some of these public enterprises or close down those that do not seem to add value to the lives of the citizens. Survey questionnaires may be sent to the public to establish the value that each of these public enterprises adds to the lives of the citizens.

The graph below shows Recurrent Expenditure Performance of the main Expenditure Control Items: -



## 9. CAPITAL EXPENDITURE

### 9.1. Unfinanced Capital Project Budget

The Capital Expenditure estimated and approved by Parliament for the development of the country amounted to E11,138,857,000.00 in the financial year ended 31 March 2019. Total capital budget released for the year amounted to E2,207,497,331.00, which was 20% of the budget approved by Parliament to enable Government to implement its development projects. This means 80% of the planned project activities, for development could not be carried out in the year under review due to cash flow constraints. On the other hand, I also noted that the budget was not based on available and realistic cash flows. As such, there was a shortfall of E8,931,359,669.00 (80%) of the full planned capacity for development that was to be financed through the revised budget of E11,138,857,000.00. Hence, a notable number of projects remained unfinanced and stalled in various sectors. This situation reflects a stagnant economic growth or development. The unfinanced coverage is shown in the table below:

SECTOR	REVISED PROVISION	FUNDS RELEASED	Unfinanced Budget	%
	E	E	E	
SECTOR A : Agriculture, Forestry & Fisheries	2,132,048,000.00	131,636,447.00	2,000,411,553.00	94 %
SECTOR E : Education and Training	246,708,000.00	38,422,000.00	208,286,000.00	84 %
SECTOR F : Fuel and Energy	155,608,000.00	82,580,719.00	73,027,281.00	47 %
SECTOR G : General Public Service	4,388,796,000.00	694,615,624.00	3,694,180,376.00	84 %
SECTOR H : Health	365,848,000.00	68,006,235.00	297,841,765.00	81 %
SECTOR M : Manufacturing and Mining	347,001,000.00	155,709,000.00	191,292,000.00	55 %
SECTOR P : Public Order Safety and Defense	258,676,000.00	98,952,171.00	159,723,829.00	62 %
SECTOR R : Recreation and Culture	18,000,000.00	1,000,000.00	17,000,000.00	94 %
SECTOR S : Social Security and Welfare	47,026,000.00	3,272,000.00	43,754,000.00	93 %
SECTOR T : Transport and Communication	2,489,694,000.00	854,970,505.00	1,634,723,495.00	66 %
SECTOR W : Water Resources Management	441,904,000.00	36,517,500.00	405,386,500.00	92 %
SECTOR X : Housing and Community Amenities	247,548,000.00	41,815,130.00	205,732,870.00	83 %
<b>GRAND TOTALS</b>	<b>11,138,857,000</b>	<b>2,207,497,331</b>	<b>8,931,359,669.00</b>	<b>80 %</b>

I observed that the sectors that were less financed included agriculture, water resources, health and education which are needed by a large number of the county's citizens. Whilst all the above sectors are equally important in the eyes of the Government, priority should be given to those that add value to the lives of the citizens, particularly in the rural areas where most of the country's citizens reside.

## 9.2. Capital Budget Performance by Economic Sector

Further, I observed that there was an under expenditure incurred on capital expenditure, amounting to E209,098,185.39 that was 9.5%, since the overall actual expenditure amounted to E1,998,399,146.39 while the overall released budget was E2,207,497,331.00.

Based on a sample of audited project information, I also observed that some direct disbursements amounting to E127,552,344.40 were not captured into the Government Accounting System. This indicates that the Statement of Capital Expenditure does not show a true picture of funds received from donors or financial institutions, and disbursements made directly to suppliers of goods or services, according to donor or bank requirements. Some of the project funds paid directly to suppliers, are not formally released by the Ministry of Finance and there was no evidence that the ministries concerned asked for the release of the project funds, so that the Statement of Capital Expenditure could reflect the true position.

The following table shows the capital performance by economic sector:

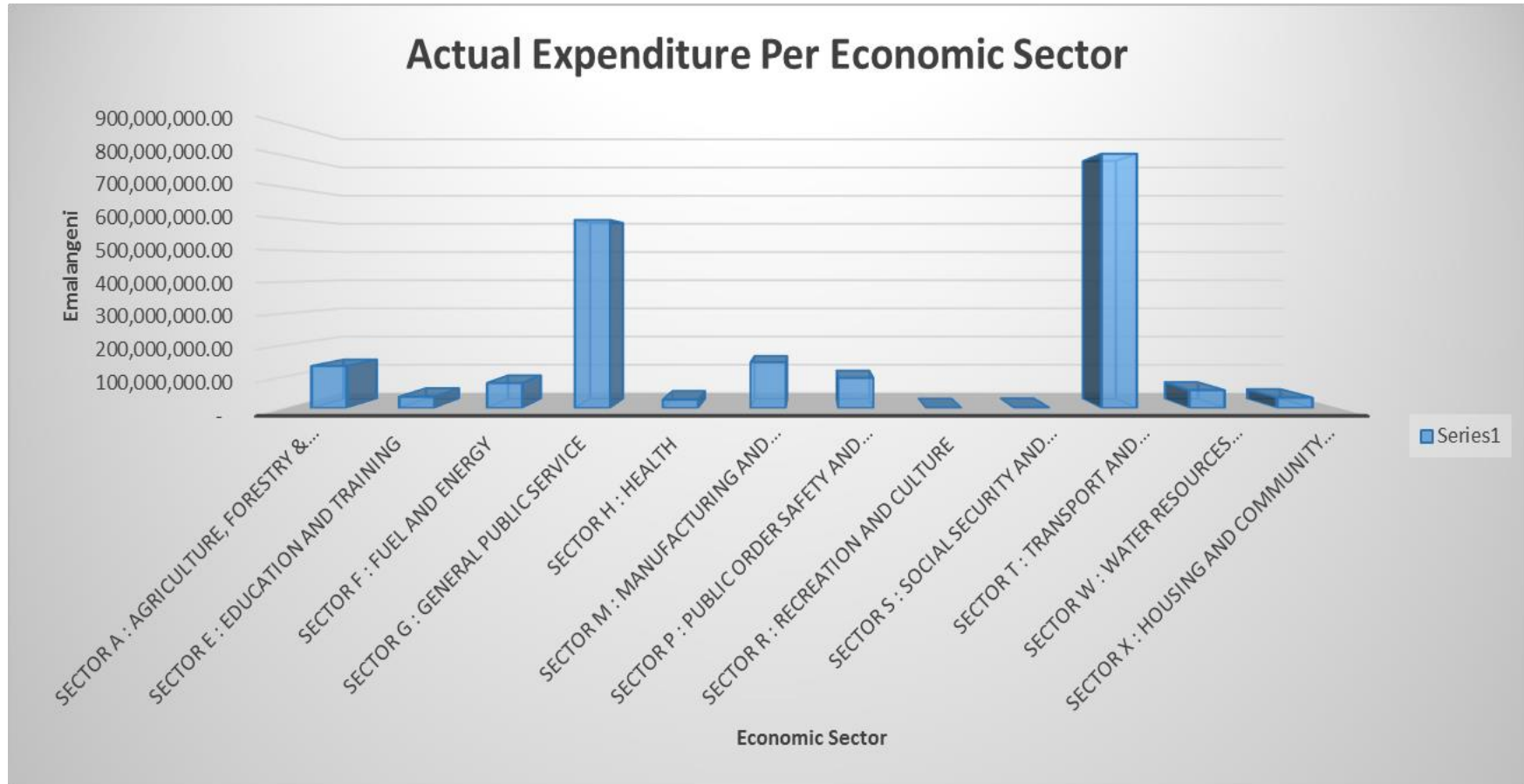
SECTOR	REVISED	FUNDS	ACTUAL	(ABOVE) / BELOW	%
	PROVISION	RELEASED	EXPENDITURE	FROM RELEASE	
	E	E	E	E	
SECTOR A : Agriculture, Forestry & Fisheries	2,132,048,000.00	131,636,447.00	133,687,134.71	(2,050,687.71)	(2%)
SECTOR E : Education and Training	246,708,000.00	38,422,000.00	36,423,824.30	1,998,176.00	5%
SECTOR F : Fuel and Energy	155,608,000.00	82,580,719.00	64,072,310.36	18,508,408.64	22%
SECTOR G : General Public Service	4,388,796,000.00	694,615,624.00	596,557,309.81	98,508,314.19	14%
SECTOR H : Health	365,848,000.00	68,006,235.00	26,730,162.08	41,276,072.92	61%
SECTOR M : Manufacturing and Mining	347,001,000.00	155,709,000.00	145,688,306.96	10,020,693.04	6.4%
SECTOR P : Public Order Safety and Defense	258,676,000.00	98,952,171.00	95,925,051.06	3,027,119.94	3.1%
SECTOR R : Recreation and Culture	18,000,000.00	1,000,000.00	1,000,000.00	-	0.00%
SECTOR S : Social Security and Welfare	47,026,000.00	3,272,000.00	1,772,000.00	1,500,000.00	45.8%
SECTOR T : Transport and Communication	2,489,694,000.00	854,970,505.00	806,258,867.63	48,711,637.37	5.7%
SECTOR W : Water Resources Management	441,904,000.00	36,517,500.00	56,836,707.24	(20,319,207.24)	(56%)
SECTOR X : Housing and Community Amenities	247,548,000.00	41,815,130.00	33,447,472.12	8,367,657.88	20%
<b>GRAND TOTALS</b>	<b>11,138,857,000</b>	<b>2,207,497,331</b>	<b>1,998,399,146</b>	<b>209,098,185</b>	<b>9.5%</b>

### **9.3. Not accounted for Capital Expenditure: Undisclosed Capital Expenditure**

I observed that Capital Expenditure amounting to E127,552,344.40 was not captured into the Government Accounting System, and was neither accounted for by the Accountant General; hence, these capital project expenditures were omitted from Financial Statements for the financial year 2018/2019. As such, the Statement of Detailed Capital Expenditure did not reflect a true picture of all funds received and disbursed in the financial year under review. The details of unaccounted for capital project expenditures are depicted in the table below:

<b>Project number</b>	<b>Project Description/Activity</b>	<b>Payment Date</b>	<b>Amount paid (E)</b>
<b><i>Head 10 – Ministry of Natural Resources and Energy</i></b>			
F026/86	Rehabilitation of DWA Laboratory-Eswatini National Petroleum Subvention	18 <sup>th</sup> December 2018	1,270,000.00
F026/86	Rehabilitation of DWA Laboratory-CTCI Corporation Phase 1, Review and update of existing preliminary designs and detailed estimates withholding tax to Eswatini Revenue Authority	13 <sup>th</sup> March 2019	1,012,027.69
F026/86	Rehabilitation of DWA Laboratory-CTCI Corporation. Phase 1, Review and update of existing preliminary designs and detailed estimates	14 <sup>th</sup> March 2019	9,175,914.90
F026/86	Rehabilitation of DWA Laboratory-CTCI Corporation. Phase 1, Review and update of existing preliminary designs and detailed estimates withholding tax to Eswatini Revenue Authority.	28 <sup>th</sup> March 2019	432,240.62
F026/86	Rehabilitation of DWA Laboratory-CTCI Corporation. Phase 1, Review and update of Existing preliminary designs and detailed estimates.	Initiated on 14 <sup>th</sup> March 2019	3,890,165.62
X461/99	Rehabilitation of DWA Laboratory		584,525.78
<b><i>Head 24 – Ministry of Housing and Urban Development</i></b>			
X504/70	Procurement of Basic Solid Waste Management Plant		5,070,000.00
X507/70	Manzini Autism Rehabilitation and Respite		635,456.43
X506/70	Siteki Civic Centre		109,000.00
<b><i>Head 43 Ministry of Information, Communication and Technology</i></b>			
G557/70	Development of a Document Management System		3,949,639.44
<b><i>HEAD 45 Ministry of Health</i></b>			
H33070	Rehabilitation of Mbabane Government Hospital		101,423,373.94
<b>Total</b>			<b>127,552,344.40</b>

The following graph shows actual expenditure per economic sector:



## **10. 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.

In the notes to the Consolidated Government Accounts, the Treasury Department has disclosed the following investments in the financial year ended 31 March 2019: -

- 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.;
- 9) 845 000 class "B" Shares of one Lilangeni each in S.I.D.C.;
- 10) 54 861 000 Shares of one Lilangeni each in Swazi Bank;
- 11) 220 Shares of \$1000 each in International Finance Corporation;
- 12) 18 Shares of \$10 000 each in A.D.B.;
- 13) 132 Subscription shares of \$1 000 each in the International Bank for Reconstruction and Development;
- 14) 750 Shares of one Lilangeni each in R.S.N.A.C.;
- 15) 320 Subscription shares of \$1000 each in International Development Association.

### **10.1. Funds transferred to Public Enterprises**

Each year the Government through its ministries provides financial support to its public enterprises in the form of subvention, to supplement initial capital investments. I observed that in addition to the initial capital investments, the Government of Eswatini transferred an amount of E1,409,355,886.00 to support its public enterprises in the financial year ended 31 March 2019. However, I am concerned that, out of this total amount of government support, an amount of E824,968,703.00 was not audited.

The under-listed Public Enterprises did not submit their audited Financial Statements, as required by the Public Enterprises Monitoring and Control Act, and this indicates that

subventions (public funds) received by these Enterprises were not accounted for, to ascertain whether they were used for their intended purposes or not:

<b>Head</b>	<b>Ministry Responsible &amp; Accountable</b>	<b>Detail</b>	<b>Funds Released by the Ministry but not audited (E)</b>
4	Ministry of Tourism & Environmental Affairs	Eswatini National Trust Commission (ENTC)	14,814,891.00
20	Ministry of Agriculture	Eswatini Water and Agricultural Development Enterprise	11,618,577.00
30	Ministry of Education and Training	University of Eswatini (UNESWA)	338,500,609.00
30	Ministry of Education and Training	Eswatini Medical Christian University	4,050,000.00
30	Ministry of Education and Training	Southern Africa Nazarene University (SANU)	12,281,499.00
43	Ministry of Information, Communication & Technology	Eswatini Television Broadcasting Corporation (ETBC)	36,901,702.00
43	Ministry of Information, Communication & Technology	Royal Science and Technology Park Authority	35,125,000.00
53	Ministry of Public Works and Transport	Subvention to Royal Swazi Airline	355,700,000.00
56	Ministry of Sports Culture and Youth Affairs	Youth Affairs for Youth Development Fund	7,500,000.00
56	Ministry of Sports Culture and Youth Affairs	National Youth Council	2,872,500.00
56	Ministry of Sports Culture and Youth Affairs	Eswatini Sports Council	5,603,925.00
<b>Total</b>			<b>824,968,703.00</b>

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 my office and the Public Enterprises Unit for review. Thus, the public enterprises, listed above, failed to comply with the above statutory requirements.

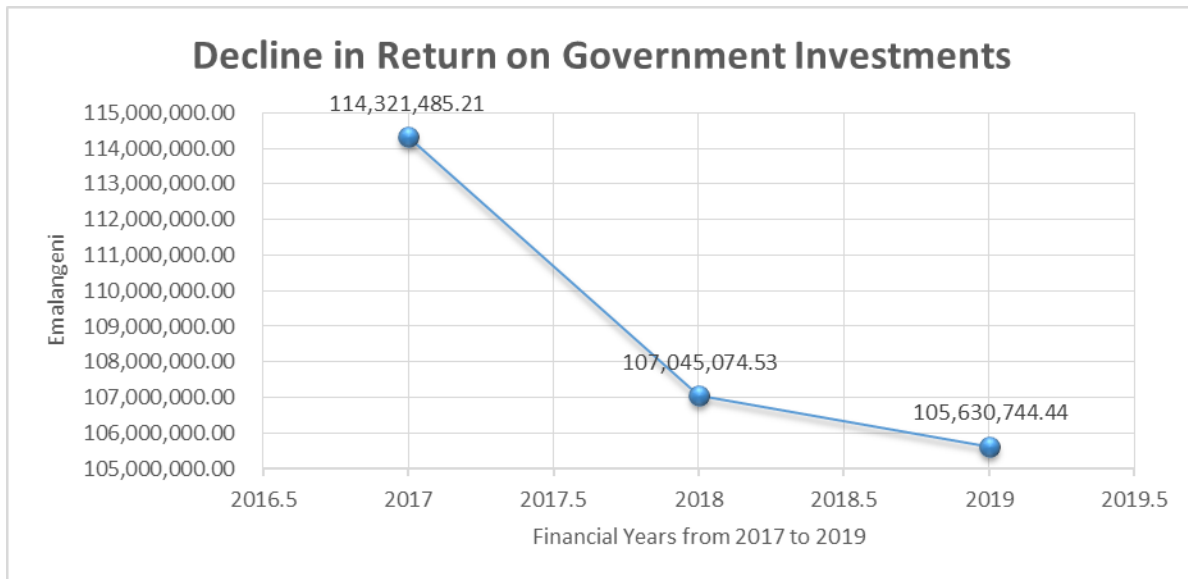
Further, the Public Finance Management Act, 2017, requires that the Government's Consolidated Annual Accounts should, at a date to be determined by the Minister responsible for Finance, integrate all accounts of Government Business Enterprises, presented in accordance with international accounting standards.

I am concerned that the delays in having all public enterprises audited, not later than six months after the end of each financial year, shall inevitably delay the date at which the Minister for Finance should officially determine that all public enterprises should submit

their audited accounts for consolidation to the Government’s Annual Financial Statements, as required by the law and international accounting standards.

### 10.2. Performance of Public Enterprises

The Detailed Statement of Revenue for the financial year ended 31<sup>st</sup> March 2019, indicates that a total contribution to Government from dividends amounted to E105,630,744.44. This indicates that return on government’s investments in these public enterprises, declined by E1,414,330.00 (1%) from a base of E107,045,074.53 in the financial year ended 31 March 2018. This shows a downward trend from the financial year ended 31 March 2017 to 31 March 2019 as indicated in the chart below: -



### 10.3. Performance of Category “A” Public Enterprises

In the year 2018/2019 there is an indication that the following Category A Public Enterprises performed well as compared to the previous financial year except for the Eswatini Development Finance Corporation (FINCORP) and the Eswatini Railway.

FINCORP made a total contribution to Government revenue of E621,130.86, in the year ended 31 March 2019, which was 40% less than the previous year’s dividend payment of E1,033,775.00.

The financial performance of the Eswatini Railway, was not good in the year ended 31 March 2018, which might have led to the non-payment of dividends for a couple of consecutive years. The public enterprise made a loss of E47,421,097.00 in the financial

year ended 31<sup>st</sup> March 2018 and a meagre profit of E21,315,031.00 in the financial year ended 31 March 2019.

The Category A, Public Enterprises have submitted returns on government's investments, as compared with the performance of previous year, as follows:

Public Enterprise	Government Investment	Return on Investment		Dividend Increase or Decrease	Percentage Increase or Decrease
		Dividends in 2019	Dividends in 2018		
		E	E		
	% Holding				
				E	
Eswatini Development Finance Corporation (FINCORP)	100%	621,130.86	1,033,775.00	(412,644.14)	-40%
Eswatini Bank	100%	7,600,000.00	4,500,000.00	3,100,000.00	69%
Eswatini Electricity Company	100%	12,468,900.30	-	12,468,900.30	100%
Eswatini Railway	100%	-	-	-	-
<b>Total Contribution to Government Revenue</b>		<b>20,690,031.16</b>	<b>5,533,775.00</b>	<b>15,156,256.16</b>	<b>274%</b>

#### **10.4. Performance of Category B Public Enterprises**

In the year 2018/2019 Category B public enterprises performed well in relation to the previous year with the exception of the Royal Eswatini Sugar Corporation which yielded a drastic fall of E3,519,531.18, that is 81% lower than the previous year's dividend of E18,862,683.63. Also Eswatini Airlink's dividend payment was not yet received in the year ended 31<sup>st</sup> March 2019, pending the decision of the Board of Directors. The return on Government's investment in these public enterprises was as follows: -

Public Enterprise	Government Investment	Return on Investment		Increase or (Decrease)	Percentage Increase or Decrease
		Dividends in 2019	Dividends in 2018		
		E	E		
	Share Holding				
	No or %			E	%
Royal Eswatini Sugar Corporation	6,262,511	3,519,531.18	18,862,683.63	-15,343,152.45	-81%
Eswatini Royal Insurance Corporation	1,640,000	60,393,000.00	51,660,000.00	8,733,000.00	17%
Nedbank Eswatini Limited	5,506,234	7,433,415.90	7,433,415.90	-	0%
McMillan Eswatini (PTY) LTD	300	7,200,000.00	7,050,000.00	150,000.00	2%

Public Enterprise	Government Investment	Return on Investment		Increase or (Decrease)	Percentage Increase or Decrease	
		Share Holding	Dividends in 2019			Dividends in 2018
		No or %	E			E
				E	%	
Maloma Colliery	25%	3,875,000.00	-	3,875,000.00	100%	
African Reinsurance Corporation	7,449	1,479,766.20	-	1,479,766.20	100%	
AON EswatiniPTY LTVD	160	1,040,000.00	695,200.00	344,800.00	50%	
Eswatini Airlink	1,020,000	-	15,810,000.00	-15,810,000.00	-100%	
Eswatini Industrial Development Company	8 428542	-	-	-	-100%	
Standard Bank Limited	3,651,187	-	-	-	-0%	
Eswatini Fruit Cannery (Swazi Can)	600 348	-	-	-	-100%	
<b>Total Contribution to Government Revenue</b>		<b>84,940,713.28</b>	<b>101,511,299.53</b>	<b>-16,570,586.25</b>	<b>-16%</b>	

Due to prevailing adverse financial performance, Standard Bank limited and Eswatini Fruit Cannery were again not in a position to declare and pay dividends in the year ended 31<sup>st</sup> March 2019. The reason for the non-payment of dividends by the Eswatini Industrial Development Company was that at the annual general meeting of the shareholders it was resolved that no dividend would be declared for the financial year.

## **11. OTHER INTERNATIONAL AND LOCAL AUDIT ENGAGEMENTS**

The Office is required to conduct other international and local audit engagements. These include audit of: regional organisations, where the Kingdom of Eswatini is a member; United Nations funded projects; African Development Bank funded projects; 'Global Fund' funded projects; Foreign Missions and/or Embassies; Regional Development Fund (RDF) projects; Schools; and the Revenue Collection. During the year under review, I have carried out the following other international and local audit engagements:

### **11.1. Audit of the Southern African Customs Union (SACU) Secretariat financial operations for the financial year ended 31<sup>st</sup> March 2019**

I was appointed by the Council of Ministers of the Southern African Customs Union (SACU) Member States to audit the SACU Secretariat for a period of three financial years to 31<sup>st</sup> March 2020. I successfully completed the audit of the SACU Secretariat, Financial Statements for the year ended 31<sup>st</sup> March 2019, and there were no material misstatements, other than numerous significant control weaknesses revealed by my audit; hence the audit opinion report was clean.

### **11.2. Common Market for Eastern and Southern Africa (COMESA)**

The Council of Ministers resolved that the COMESA Secretariat must be audited by offices of Auditor General of the member states. Following this resolution, a COMESA Board of External Auditors (COBEA) was formed. As a member of the COMESA Board of External Auditors (COBEA), I have actively participated in the Review of the Finance and Audit Governance Structure, and in the development of Review Instruments for Common Market for Eastern and Southern Africa (COMESA).

Further, two senior officials were appointed as members of the COMESA Sub-committee on Audit and Budgetary Matters from January 2018 to December 2020. The role of the Committee is to provide technical expertise to the COMESA Secretariat on budgetary and audit matters. The Committee comprises of nominated officials from Eswatini, Zambia, Zimbabwe, Congo DR, Madagascar, Uganda and Sudan who collectively possess expertise in audit, accounting, budgetary control, regional integration, corporate governance and public administration.

The Committee sat from 29 October to 2 November 2018 and from 18 to 19 November 2018 to consider the 2017 Audited Financial Statements, 2018 Budget Performance Report, 2019 Proposed Work Programme and Budget, and Internal Audit Matters.

### **11.3. Audit of two United Nations Projects**

The United Nations requested for the audit of two projects namely: Strengthening National Protected Areas which was implemented by the Eswatini National Trust Commission (ENTC) under the Ministry of Tourism and Environmental Affairs, and Strengthening National Capacities for Poverty Reduction which was implemented by the Ministry of Economic Planning and Development through the Central Statistical Office, Poverty Reduction Unit and Macro Department of the ministry.

#### **i. Project on Strengthening National Protected Areas**

The Government of Eswatini received total financial support of US\$503,660.00, approximately E 7,298,486.69, from the United Nations Development Programme (UNDP) to implement the project in the year to 31<sup>st</sup> December 2018. An audit inspection of the Project Accounts (Financial Statements) for the year ended 31<sup>st</sup> December 2018 was completed. The Ministry of Tourism and Environmental Affairs obtained a clean audit opinion on this project.

#### **ii. Project on Strengthening National Capacities for Poverty Reduction**

The UNDP provided financial support of US\$404,736.00, approximately E5,864,988.90 to implement the project on Strengthening National Capacities for Poverty Reduction in the Kingdom of Eswatini. An audit inspection of the Project Accounts (Financial Statements) for the year ended 31<sup>st</sup> December 2018 was completed. The Ministry of Economic Planning and Development managed to obtain a clean audit opinion on this project.

### **11.4. Audit of two African Development Bank Projects: one with three financial years**

The African Development Bank requested for the audit of two projects; Statistical Capacity Building Project, and Energy Sector Technical Assistance Programme, which are under the Ministry of Economic Planning and Development and the Ministry of Natural Resource and Energy respectively.

#### **i. Statistical Capacity Building Project**

The African Development Bank provided financial support of US\$515,819.16, which was approximately E7,523,016.12, for a period of three years starting from 1<sup>st</sup> April 2016 to 31<sup>st</sup> March 2019, to assist Government in the implementation of the project. The Bank provided financial support of US\$263,203.00 in the year, to implement the Statistical Capacity Building Project in the years from 1<sup>st</sup> April 2016 to 31<sup>st</sup> March 2018. An audit engagement was completed covering a period of three years starting from 1<sup>st</sup> April 2016

to 31<sup>st</sup> March 2019. The Ministry of Economic Planning and Development managed to obtain clean audit opinions for each set of the Financial Statements for the three years.

**ii. Energy Sector Technical Assistance Programme**

The African Development Bank provided financial support of US\$641,293.72, which was approximately E9,353,012.39, for a period of three years starting from April 2016 to 31 March 2019, to assist Government in the implementation of the programme. The bank provided financial support of US\$68,232.00, towards implementation of the Energy Sector Technical Assistance Programme in the financial year ended 31 March 2017; US\$253,636.04 in the financial year ended 31 March 2018 and US\$319,425.68 in the financial year ended 31 March 2019. An audit for the years ended 31 March 2017 to 31 March 2019 was completed. The Ministry of Natural Resources and Energy received clean audit opinions on all the Financial Statements (accounts) of the programme.

**11.5. Audit of three Embassies and/or Missions Abroad (Washington DC, New York and Qatar): I planned to audit all Embassies, however, I could only audit three due to the prevailing adverse economic situation in the country.**

**11.6. Compliance audits including audit of Payroll, the Regional Development Fund (RDF) Projects, and other programmes are still on-going.**

**11.7. Audit of schools: forty-six audit engagements are completed, while others are still on-going audit engagements – a separate report shall be issued.**

**11.8. Audit of revenue at Eswatini Revenue Authority (ESRA): completed the audit of the financial year 2018, while audit engagement for the financial year 2019 is still on-going - a separate report shall be issued.**

## 12. REFERENCE SHEETS RESPONSE RATE

Head	Ministry/Department	Reference Sheets Issued	Reference Sheets Responded to	Outstanding Reference Sheets
2	Parliament	1	1	0
3	Private and Cabinet Offices	1	1	0
4	Tourism and Environmental Affairs	1	1	0
5	National Commissioner of Police	1	1	0
6	Deputy Prime Minister's Office	1	0	1
7	Foreign Affairs and International Cooperation	1	1	0
8	Defence	1	1	0
9	Tinkhundla Administration and Development	1	1	0
10	Natural Resources and Energy	2	2	0
15	Geological Surveys, Minerals and Mines Department	1	1	0
20	Agriculture	1	0	1
23	Economic Planning and Development	1	1	0
24	Housing and Urban Development	1	1	0
26	Fire and Emergency Services	1	1	0
29	Commerce, Industry and Trade	1	1	0
30	Education and Training	1	0	1
34	Finance	1	1	0
35	Treasury and Stores	1	1	0
38	Internal Audit	1	1	0
40	Labour and Social Security	1	1	0
41	Public Service	1	0	1
43	Information, Communication and Technology	1	1	0
44	Elections and Boundaries	1	1	0
45	Health	1	1	0
46	Justice and Constitutional Affairs	1	1	0
47	Anti-Corruption Commission	1	1	0
48	Judiciary	1	1	0
49	Correctional Services	1	1	0
50	Home Affairs	1	1	0
53	Public Works and Transport	1	0	1
56	Sports, Culture and Youth Affairs	1	1	0
	<b>Total</b>	<b>32</b>	<b>26</b>	<b>6</b>

## HEAD 02: PARLIAMENT

### 13. Under Expenditure on Travel, Transport and Communications

I communicated to the Clerk to Parliament through a memorandum referenced P42 Vol. /30, dated 27<sup>th</sup> September 2019 that during the audit of the Detailed Statement of Recurrent Expenditure for the financial year ended 31<sup>st</sup> March 2019, I observed that there was an under expenditure amounting to E614,306.72 on Travel, Transport and Communications (item 02). The details of the unspent released funds are illustrated in the table below:

Responsibility Centre	Expenditure Item	Appropriated Budget (E)	Released Budget (E)	Actual Expenditure (E)	Under expenditure (E)	%
Parliament	Travel, Transport and communication	4,747,806.00	5,129,599.00	4,515,292.28	614,306.72	12

Under expenditure is a serious concern as the unutilised funds could have been directed to other Government projects or programmes for 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 therefore consider under expenditures of 10% in a year as not conducive to the development of the country.

**In his response referenced PARL/3/J/V (dated 2<sup>nd</sup> October 2019), the Controlling Officer explained that the item 02 – Travel, Transport and Communication incurred an overall under expenditure of E372,002.33, as reflected in the BD120 of the Accounting System.**

*The Controlling Officer should have used BD130, and preferably AA220 which also take into account activities for month 13. Hence, the under expenditure figure quoted by the Controlling Officer is incorrect. The difference between the budget released and actual expenditure is E614,306.72, which was 12% under expenditure. The Controlling Officer did not compute the difference; hence the system error was not detected.*

#### **14. Outstanding Payments – Arrears at year end**

I also communicated to the Clerk to Parliament through a memorandum referenced P42 Vol. III/29 (dated 26<sup>th</sup> September 2019) that during the audit of the arrears (Detailed Statement of Liabilities) compiled by the Treasury Department, I noted that Parliament had outstanding payments amounting to E6,503,051.47 as at 31<sup>st</sup> March 2019. The outstanding payments amounting to E6,416,234.34 were submitted to the Treasury Department for processing and reporting, while invoices and bills amounting to E86,817.13 were held by Parliament and not submitted to the Treasury Department for payment processing and reporting.

Financial and Accounting Instruction number 0410 requires that the Controlling Officer should keep close control on all commitments and enquiries should be made if a commitment does not become actual expenditure, within a reasonable time. Moreover, all outstanding debts should be reported to the Treasury Department at the end of each financial year in order to have them reported in the Financial Statements.

**In his response referenced PARL/3/J/V (dated 2<sup>nd</sup> October 2019), the Controlling Officer explained that indeed Parliament had submitted payment vouchers to Treasury Department for effecting payments to the Suppliers of goods and services, and the arrears of E6,917,888.27 were successfully processed in the accounting system and paid to the respective Suppliers by the year ended 31<sup>st</sup> March 2019.**

## HEAD 03: PRIVATE AND CABINET OFFICES

### 15. Unauthorised Over Expenditure on Recurrent Vote

I communicated to the Controlling Officer through a memorandum referenced P44 Vol. II/66, dated 26<sup>th</sup> September 2019 that during the audit of the Detailed Statement of Recurrent Expenditure for the financial year ended 31<sup>st</sup> March 2019, I observed that there was an over expenditure of E3,020,545.42 incurred on CTA Vehicle Charges, as illustrated in the table below.

Item	Released Budget (E)	Actual Expenditure (E)	Over Expenditure (E)	(%)
00 CTA Vehicle Charges	1 006 063.00	4 026 608.42	3 020 545.42	300%

Over expenditure beyond the budget released as appropriated by Parliament is not only unlawful but also has serious effect on the fiscal budget. This action contravenes the 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 in the Treasury Warrants.

**In his response referenced CPM 3, and dated 4<sup>th</sup> October 2019, the Controlling Officer apologised for the disbursement of public funds beyond the budget provision. He further cited that the total budget approved for CTA charges was E1,986,875.10 for the financial year 2018/19, however only E1,006,063.00 was released. The Controlling Officer further applied for a supplementary budget provision of E3,000,000.00 when it realised that the item will have an over expenditure; however, the request was declined.**

### 16. Outstanding Payments – Arrears at year end

I also communicated to the Controlling Officer that during audit of the arrears (Detailed Statement of Liabilities) compiled by the Treasury Department, I noted that the Private and Cabinet Offices had outstanding payments amounting to E3,611,285.32 as at 31<sup>st</sup> March 2019. Outstanding payments amounting to E3,214,682.70 were submitted to the Treasury Department for processing and reporting, while invoices and bills amounting to E396,602.62 were held by the Cabinet and not submitted to the Treasury Department for payment processing and reporting.

Financial and Accounting Instruction number 0410, requires that the Controlling Officer should keep close control on all commitments and enquiries should be made if a commitment does not become actual expenditure within a reasonable time. Moreover, all outstanding debts should be reported to the Treasury Department at the end of each financial year in order to have them reported in the Financial Statements.

**In his response, the Controlling Officer apologised for not reporting or submitting to the Treasury Department the outstanding payments amounting to E396,602.62. He mentioned that it was an oversight and it will never occur in the future.**

## **HEAD 04: MINISTRY OF TOURISM AND ENVIRONMENTAL AFFAIRS**

### **17. Outstanding Payments – Arrears at year end**

I communicated to the Controlling Officer through a memorandum referenced T2 Vol. II/45 and dated 26<sup>th</sup> September 2019 that during the audit of the arrears (Detailed Statement of Liabilities) compiled by the Treasury Department, I noted the Ministry had outstanding payments amounting to E209,813.12 as at 31<sup>st</sup> March 2019. These were invoices and bills amounting to E209,813.12 held by the Ministry, and not submitted to the Treasury Department for payment processing and reporting.

Financial and Accounting Instruction number 0410, requires that the Controlling Officer should keep close control on all commitments, and enquiries should be made if a commitment does not become actual expenditure within a reasonable time. Moreover, all outstanding debts should be reported to the Treasury Department at the end of each financial year in order to have them reported in the Financial Statements.

**In his response referenced TEA 2/8, dated 1<sup>st</sup> October 2019, the Controlling Officer concurred with my observation of outstanding bills amounting to E209,813.12 at the end of financial year 2018/2019, which were held by the Ministry and not submitted to the Treasury Department for payment processing. He explained that the outstanding amount constitutes telephone bills not paid because of insufficient funds due to partly released budget allocations experienced in the past financial years. He stated that the Ministry contemplates reducing the outstanding bills by utilising any savings that would be available at the end of the financial year 2019/2020. On the issue of reporting, the Ministry has been religiously reporting arrears monthly in soft copies**

*Evidence of transmission of the soft copies of the arrears submitted to the Accountant General was not provided, to substantiate the above response. Further, I am concerned, that the Controlling Officer kept the telephone bills accumulating against Government, and he did not report the outstanding bills to Accountant General at the end of each financial year in order to have them reported in the Financial Statements. Hence, the matter remains reportable.*

## HEAD 05: ROYAL ESWATINI POLICE SERVICE

### 18. Audit of the Detailed Statement of Recurrent Expenditure

An audit of the Detailed Statement of Recurrent Expenditure for the year ended 31<sup>st</sup> March 2019 was conducted and my findings were communicated to the Controlling Officer through a memorandum referenced P12/Vol.VI/21, dated 23<sup>rd</sup> September 2019. The Controlling Officer responded through a memorandum referenced NATCOM/11/1/111/82 and dated 7<sup>th</sup> October 2019; however, the following issues remain reportable.

#### 18.1. Unauthorised Over Expenditure on Recurrent Vote

During the audit of the Detailed Statement of Recurrent Expenditure for the year ended 31<sup>st</sup> March 2019, I observed that there was over expenditure of E199,565,523.70 incurred on CTA Vehicle Charges, Personnel Costs, and Medical Drugs. The over expenditure is illustrated in the table below.

Head	Item	Released Budget (E)	Actual Expenditure (E)	Over Expenditure (E)	%
05	00 CTA Vehicle Charges	51,993,097.00	136,795,639.88	84,802,542.88	163
05	01 Personnel Costs	757,508,784.00	872,029,497.16	114,520,713.36	15
05	03 Drugs	515,334.00	757,601.46	242,267.46	47
	<b>Total Over Expenditure</b>			<b>199,565,523.70</b>	

The alarming over expenditure on CTA Vehicle Charges was incurred by the Training and Support Services, as presented in the following table:

Department/Unit	Appropriated Budget (E)	Released Budget (E)	Actual Expenditure (E)	Over expenditure (E)	%
Training – 12	71,456.00	29,770.00	2,779,870.74	2,750,100.74	9238%
Support Services -23	55,352,642.00	41,409,375.00	95,092,527.48	53,683,152.48	130%
<b>Total</b>				<b>56,433,253.22</b>	

#### Personnel Costs

The following significant over expenditure on Personnel Costs were noted, as tabled below:

Department/Unit	Appropriated Budget (E)	Released Budget (E)	Actual Expenditure (E)	Over Expenditure (E)	%
Departmental Admin	151,585,295.00	153,583,292.00	198,231,491.34	44,648,199.34	29%
Training – 12	99,127,160.00	99,743,234.00	111,932,779.74	12,189,545.74	12%
General Policing –22	203,951,676.00	210,029,201.00	243,421,477.43	33,392,276.43	16%

Protection of Heads of State and Diplomats – 24	114,539,413.00	116,495,060.00	128,994,502.37	12,499,442.37	11%
<b>Total</b>				<b>102,729,463.90</b>	

Over expenditures beyond the budget released as appropriated by Parliament are not only unlawful but also result in serious repercussions in 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 in the Treasury Warrants.

**In his response referenced NATCOM/11/1/111/82, the Controlling Officer acknowledged the over expenditure of E199,565,523.70 on the Recurrent Vote. He attributed the over expenditure on CTA Vehicle Charges to a litany of factors which include amongst others: the inadequacy of the budget that is allocated for CTA Charges which is not commensurate with the diverse and continuously escalating operational activities that fall under the ambit of the Police Service. He further cited that the old fleet of operational vehicles at the disposal of the organisation has also compounded matters as they are very costly to keep serviceable and on the road.**

**A large portion of the expenditure on CTA emanated from the vehicle maintenance and fuel expenses charged by CTA. Further adding on to the over expenditure on CTA Charges and Personnel was the reallocations made from these items. Whenever the Service had insufficient funds on some control items, Reallocation requests were made to the Ministry in accordance with Financial and Accounting Instruction number 0110, explaining that funds under this item especially 022 were depleted and the reasons why the money was requested. These reallocations were appropriately approved through the relevant Government functionary.**

**These reallocations were as follows:**

**Item 00 CTA Charges to 022 External Travel     E11,062,898.00**  
**Item 01 Personnel to 022 External Travel                     E57,626,220.00**

**He further stated that they received a sum of E10,000,000.00 for Item 00, CTA Charges, subsequent to a request for a supplementary budget made and submitted to Government through the Ministry of Finance. However, the funds were not enough to cover the expenditure and nothing was received for Item 01 Personnel.**

**Drugs**

**The Controlling Officer stated that an amount of E242,267.47 was an over expenditure on Drugs procured from the medical stores for use at the Police Clinics. The Service provided the Ministry of Health with all relevant information on items to charge whenever a requisition was made, which was Head 05, Centre 1101, Item Code 06999 however they charged on this item which the Service did not have enough funds to cover the expenditure which culminated to the over expenditure on the item.**

*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 Police Service to strengthen the internal controls, and the assurance of their effectiveness to eliminate the occurrence of over expenditure on CTA Vehicle Charges, Personnel Costs, and Medical Drugs.*

*Reallocations from Personnel Costs are not permissible and by so doing, the Controlling Officer contravened Financial and Accounting Instruction 0114, which states that, 'savings on Personnel Emoluments will not normally be accepted in support of transfer by means of reallocation warrant or to supplement supplementary expenditure'.*

## **18.2. Unauthorised expenditure (Funds Spent without Any Budget Provision)**

I noted that public funds amounting to E31,813,694.31 were spent without any authority or budget provision from Parliament in the form of the Appropriation Act or Supplementary Act or Warrants to Incur Expenditure. The expenditures incurred and paid were not authorised, as these funds were not budgeted for and/or released by the Ministry of Finance. The Government Accounting System under AA220 indicated that the unauthorised funds were used for Professional Services and CTA Vehicle Charges under different centres within the Police Service. The details of unauthorised expenditure are depicted in the table below.

<b>Department/Unit</b>	<b>Expenditure Item</b>	<b>Actual Expenditure (E)</b>
Intelligence Unit – 21	CTA Vehicle Charges	311,167.42
General Policing – 22	CTA Vehicle Charges	15,143,917.77
	Professional and Special Services	5,114.51
Protection – 24	CTA Vehicle Charges	6,361,195.43
Immigration (Border posts)	CTA Vehicle Charges	9,992,299.18
<b>Total</b>		<b>31,813,694.31</b>

The Warrant to Incur Expenditure is the document that authorises Controlling Officers to incur expenditure during the year, after those expenditures have been provided for in the Estimates Book and passed into an Appropriation Law.

The Controlling Officer did not comply with 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 in the Treasury Warrants.

**The Controlling Officer acknowledged the unauthorised expenditure as true. He alluded to the fact that funds amounting to E31,813,694.31 were spent without any budget provision. The Service has centralised issuance of fuel coupons to Police Headquarters, so to be able to commit only on those departments that have been allocated a budget rather**

than having the departments to commit in their respective regions. This was communicated to the Regional Transport officers. The Police Service continue to submit monthly returns to the Ministry of Finance, and further have engagements on how the budget was performing with the relevant the Sectoral Officer in the Ministry. The Service has constant engagements with the office of the Internal Audit to assist the Service in intensifying budget control mechanisms and identifying high-risk areas.

*The Controlling Officer is commended for the efforts made.*

### **19. Outstanding Payments – Arrears at year end**

I further communicated to the Controlling Officer through a memorandum referenced P12/Vol.VI/22 and dated 26<sup>th</sup> September 2019 that during the audit of the arrears (Detailed Statement of Liabilities) compiled by the Treasury Department, I noted that the Police Service had outstanding payments amounting to E211,083,757.80 as at 31<sup>st</sup> March 2019. Outstanding payments amounting to E9,545,221.59 were submitted to the Treasury Department for processing and reporting, while invoices and bills amounting to E201,538,536.21 were held by the Police Service and not submitted to the Treasury Department for payment processing and reporting.

Financial and Accounting Instruction number 0410, requires that the Controlling Officer should keep close control on all commitments, and enquiries should be made if a commitment does not become actual expenditure, within a reasonable time. Moreover, all outstanding debts should be reported to the Treasury Department at the end of each financial year in order to have them reported in the Financial Statements.

**In his response referenced NATCOM/11/1/111/82 and dated 7<sup>th</sup> October 2019, the Controlling Officer stated that during the financial year 2018/2019, the Police Service was submitting returns of all arrears on a weekly basis to the office of the Accountant General. The final submission was done on the 30<sup>th</sup> September 2018 after the introduction of a portal where all invoices received by the Police Service are captured. The portal then informs Accountant General of outstanding debts.**

**The Controlling Officer committed to keep close control of all commitments that do not become actual expenditure in the financial year.**

## HEAD 06: DEPUTY PRIME MINISTER'S OFFICE

### **20 Non-utilisation of Project Funds on Project S33399 – Assistance for the Disabled II**

I communicated to the Controlling Officer through a memorandum referenced D21 Vol. II/41, dated 24<sup>th</sup> September 2019 that during the audit of the Detailed Statement of Capital Expenditure for the financial year ended 31<sup>st</sup> March 2019, I observed that there was non-utilisation of Capital Project Funds, amounting to E1,500,000.00, which were appropriated by Parliament. The details of non-utilisation of funds on Project S33399 are depicted below:

<b>Project Name</b>	<b>Approved Estimate (E)</b>	<b>Revised Provision (E)</b>	<b>Funds Released (E)</b>	<b>Actual Expenditure (E)</b>	<b>%</b>
S33399 – Assistance for the Disabled II	3,000,000.00	3,000,000.00	1,500,000.00	-	100%

The entire released budget was not utilised, resulting in non-utilisation of 100% in this project as there was no implementation as approved.

This project was on its continuation phase. Worth noting is that the project incurred an under expenditure even in the two previous financial years ended 31<sup>st</sup> March 2017 and 2018, E849,016.18 and E677,470.87 (67%) respectively. I am therefore concerned that the project is being allocated more funds that are not eventually utilised for the intended purpose of adding value to the lives of disabled citizens.

The non-utilisation of the project funds may have a negative impact on the economic growth hence delaying improvement of the lives of the targeted citizens. The stalled projects may become expensive to complete.

*There was no response to the above matter. Hence, the DPM's Office has contravened Financial and Accounting Instruction 0315 (ii), which requires that the Controlling Officer should respond promptly to audit queries.*

### **21 Audit of the Detailed Statement of Recurrent Expenditure**

An audit of the Detailed Statement of Recurrent Expenditure for the financial year ended 31<sup>st</sup> March 2019 was conducted and my findings were communicated to the Principal Secretary through a memorandum referenced D21 Vol. II/40, dated 23<sup>rd</sup> September 2019. The Controlling Officer did not respond to my audit findings; hence, they remain reportable.

## 21.1 Unauthorised Over Expenditure on Recurrent Vote

I observed that there was over expenditure on CTA Vehicle Charges of E929,573.71, on Travel, Transport and Communication of E1,095,922.30, and on Personnel Costs of E445,919.09. The aggregated over expenditures amounted to E2,471,415.10 were incurred by the DPM's Office, as illustrated in the table below:

Head	Item	Released Budget (E)	Actual Expenditure (E)	Over Expenditure (E)	%
06	00 CTA Vehicle charges	7,689,750.00	8,619,323.71	929,573.71	12
06	02 Travel Transport and Communication	1,238,645.70	2,334,568.00	1,095,922.30	88
06	01 Personnel Costs	2,489,013.00	2,934,932.09	445,919.09	18
	<b>Total</b>			<b>2,471,415.10</b>	

It is worth noting that there was significant over expenditure of E537,939.66 on CTA Vehicle Charges incurred by the Social Welfare, as illustrated in the following table:

Department	Appropriated Budget (E)	Released Budget (E)	Actual Expenditure (E)	Over Expenditure (E)	%
Social Welfare – 12	3,340,135.00	1,864,505.00	2,402,444.66	537,939.66	29 %

Further, there was an over expenditure on Personnel Costs incurred by the Gender Coordination Unit, as illustrated in the following table:

Department/ Unit	Appropriated Budget (E)	Released Budget (E)	Actual Expenditure (E)	Over expenditure (E)	%
Gender Coordination – 13	2,507,764.00	2,489,013.00	2,934,932.09	445,919.09	18%

Over expenditures beyond the budget provision and appropriated funds by Parliament are not only unlawful but also result in serious repercussions in the fiscal budget.

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

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 DPM's Office to strengthen the internal controls and the assurance of their effectiveness to eliminate the occurrence of over expenditure on CTA Vehicles Charges, Personnel costs, and Travel, Transport and Communication.

## **21.2 Under Expenditure on Recurrent Vote**

I also noted that the International Relations Department recorded a significant under expenditure on Travel, Transport and Communication, amounting to E11,309,264.95. The details of the under expenditure are depicted below.

<b>Department/ Unit</b>	<b>Appropriated Budget (E)</b>	<b>Released Budget (E)</b>	<b>Actual Expenditure (E)</b>	<b>Under expenditure (E)</b>	<b>%</b>
International Relations -15	18,394,336.00	25,394,336.00	14,085,071.05	11,309,264.95	45%

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, therefore, consider under expenditures of 10% and above on capital projects in a year as not conducive to the development of the country.

***The Controlling Office did not give an informed explanation to account for the above under expenditure.***

## **22 Outstanding Payments – Arrears at year end**

I communicated to the Controlling Officer through a memorandum referenced D21 Vol. II/42, dated 26<sup>th</sup> September 2019 that during the audit of Arrears (Detailed Statement of Liabilities) compiled by the Treasury Department, I noted that the Deputy Prime Minister's Office had outstanding payments amounting to E35,227,853.66 as at 31<sup>st</sup> March 2019. Outstanding payments amounting to E31,674,060.00 were submitted to the Treasury Department for processing and reporting, while invoices and bills amounting to E3,553,793.66 were held by the DPM's Office and not submitted to the Treasury Department for payment processing and reporting.

Financial and Accounting Instruction number 0410, requires that the Controlling Officer should keep close control on all commitments, and enquiries should be made if a commitment does not become actual expenditure within a reasonable time. Moreover, all outstanding debts should be reported to the Treasury Department at the end of each financial year in order to have them reported in the Financial Statements.

***The controlling officer did not respond to my observations, thus, contravening financial and accounting instruction 0315 (ii) which states that controlling officers should respond promptly to audit queries.***

## HEAD 07: MINISTRY OF FOREIGN AFFAIRS AND INTERNATIONAL COOPERATION

### **23 Unauthorised Over Expenditure on Recurrent Vote**

I communicated to the Controlling Officer through a memorandum referenced F14 Vol. III/55, dated 26<sup>th</sup> September 2019 that during the audit of the Detailed Statement of Recurrent Expenditure for the financial year ended 31st March 2019, I observed that there were alarming over expenditures incurred by the Missions Abroad Centre, in all the Control Items, amounting to E104,169,535.08.00.

The details of the over expenditures are depicted in the table below:

<b>Item</b>	<b>Approved Budget (E)</b>	<b>Released Budget (E)</b>	<b>Actual Expenditure (E)</b>	<b>Over Expenditure (E)</b>	<b>(%)</b>
Personnel Costs	49,516,969.00	50,245,644.00	100,842,945.36	(50,597,301.36)	-100.7%
Travel, Transport and Communication	140,718,451.00	140,093,362.00	150,164,615.16	(10,071,253.16)	-7.2%
Professional and Special Services	19,460,977.00	18,349,436.00	44,813,634.79	(26,464,198.79)	-144.2%
Rentals (Land, Buildings and Computer Equip)	44,285,500.00	44,285,483.00	55,340,937.04	(11,055,454.04)	-25.0%
Consumables Materials and Supplies	3,608,759.00	2,520,775.00	5,704,719.96	(3,183,944.96)	-126.3%
Durables Materials and Equipment	3,737,175.00	2,790,874.00	5,588,257.20	(2,797,383.20)	-100.2%
<b>Total</b>				<b>(104,169,535.08)</b>	

Further, over expenditure amounting to E356,166.88 on Professional and Special Services, under International Relations, was noted. The details of such an over expenditure are shown below.

<b>Item</b>	<b>Approved Budget (E)</b>	<b>Released Budget (E)</b>	<b>Actual Expenditure (E)</b>	<b>Over Expenditure (E)</b>	<b>(%)</b>
Professional and Special Services	1,116,401.00	1,116,401.00	1,472,567.88	356,166.88	32%

Over expenditures beyond the budget funds released as appropriated by Parliament are not only unlawful but also result in serious repercussions in 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 in the Treasury Warrants.

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 such over expenditures, particularly in the Missions Abroad Centre.

**In his response referenced MFAIC 09/09, the Controlling Officer concurred with my observation. He explained that the over expenditure was a result of insufficient funds allocated under Missions Abroad which is coupled with the fiscal challenges the country was going through. Hence funds appropriated were way below the requested budget and they were not fully released. He further explained that the recorded over expenditure was not a true reflection of the situation due to an anomaly in the Treasury Accounting System. There is a poor interface of the accounting function related to complementary functions like AA functions and BD functions which cannot interface accordingly. This resulted to inaccurate accounting information. Due to the anomalies in the system, under BD there was no under expenditure besides that the Ministry could not reconcile the accounts in time since the financial year was already closed. Efforts by the Ministry, requesting for an extension from the Office of the Accountant General, were unsuccessful.**

#### **Over Expenditure –item 01 Personnel Costs**

**Regarding Personnel Costs, the Controlling Officer reported that the budget was under allocated and after consultations with the Ministry of Finance, an adjustment was made through a supplementary budget amounting to E55 Million. He explained that the funds were transferred to the Ministry through a JV and unfortunately in the system it reflects a negative under actual expenditure instead of increasing the budget. The E55 Million was later reallocated to all the Missions as per their needs.**

#### **Over Expenditure on Professionals Services**

**With regard to the over expenditure on Professional Services under the International Relations Unit, the Controlling Officer explained that the anomaly was caused by an increase in incoming official visits yet the budget was inadequate. A further contributing factor was that some batches were posted after the closing date for reallocation to offset the over expenditure. He also mentioned that the Ministry is still in consultations with the Ministry of Finance to review the budget for Missions which has been cut each year since year 2010 during the economic recession. Despite the fact that the Mission's expenditure has continuously increased, Missions are adversely affected by the devaluation of the Lilangeni against foreign currencies.**

**As a strong stance against over expenditure, the Controlling Officer stated that several reminders have been written to Heads of Missions regarding the use of resources, hence going forward appropriate sanctions shall be applied to all offending Missions.**

## **24 Outstanding Payments – Arrears at year end**

I communicated to the Controlling Officer through a memorandum referenced F14 Vol. III/56, dated 26<sup>th</sup> September 2019 that during the audit of Arrears (Detailed Statement of Liabilities), I noted that the Ministry had outstanding payments amounting to E40,667,193.57 as at 31<sup>st</sup> March 2019. Outstanding payments amounting to E40,560,726.61 were submitted to the Treasury Department for processing and reporting, while invoices and bills amounting to E106,466.96 were held by the Ministry and not submitted to the Treasury Department for payment processing and reporting.

Financial and Accounting Instruction number 0410, stipulates that the Ministry should keep close control on all commitments, and enquiries should be made if a commitment does not become actual expenditure, within a reasonable time. Moreover, all outstanding debts should be reported to the Treasury Department at the end of each financial year in order to have them reported in the Financial Statements.

**In his response referenced MFAIC 09/09, the Controlling Officer explained that the Ministry had no control over the outstanding payments submitted at the Treasury Department amounting to E40,560,726.61, since it is upon the Treasury Department to control and process payments based on the availability of cash. He also submitted that out of the invoices not submitted by the Ministry; invoices from Eswatini Posts and Telecommunications amounting to E57,905.31 were paid through batch 012 of month 10, while DHL invoices amounting to E25,478.87 were paid through batch 014 of month 10. However, there was an oversight as there was no update in the invoice portal. Further, he explained that efforts were being directed towards paying the other invoices.**

*The Controlling Officer's response is appreciated. However, I am concerned about the inaccurate information that was provided to the Treasury Department and the omission of transactions of paid invoices into the Invoice Portal. There is a risk of double payment, if paid invoices appear unpaid in the system.*

## HEAD 08: MINISTRY OF NATIONAL DEFENCE AND SECURITY

### 25 Unauthorised Over Expenditure on Recurrent Vote

I communicated to the Controlling Officer through a memorandum referenced D14 Vol. V/30, dated 24<sup>th</sup> September 2019 that during the audit of the Detailed Statement of Recurrent Expenditure for the financial year ended 31st March 2019, I observed that there was an over expenditure on Personnel Costs amounting to E125,432,129.80, and CTA Vehicle Charges amounting to E33,252,820.33 incurred by the Defence Unit.

#### **CTA Vehicle Charges:**

Significant improvement in the management of CTA Vehicle Charges was noted and commended, except for the alarming over expenditure incurred by the Defence Centre, as illustrated in the following table:

Department	Appropriated Budget	Released Budget	Actual Expenditure	Over Expenditure	%
Defence Centre – 12	53,049,517.00	53,011,435.00	86,264,255.33	33,252,820.33	63%

#### **Personnel Costs**

Significant over expenditure on Personnel Costs was noted under Minister Centre, Ministry Administration and Defence Centre, as shown in the table below.

Department/Unit	Appropriated Budget (E)	Released Budget (E)	Actual Expenditure	Over Expenditure €	%
Minister -10	132,983,144.00	133,423,308.00	158,602,920.80	25,179,612.80	19
Ministry Administration -11	10,160,278.00	10,322,396.00	11,629,197.40	1,306,801.40	13
Defence – 12	711,477,576.00	704,545,904.00	803,491,619.57	98,945,715.57	14
<b>Total</b>				<b>125,432,129.80</b>	

Over expenditures beyond the budget released as appropriated by Parliament are not only unlawful but also result in serious repercussions in the fiscal budget.

The Ministry contravened 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 in the Treasury Warrants.

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 towards strengthening the internal controls, and the assurance of their effectiveness to eliminate the occurrence of over expenditure on CTA Charges and Personnel Costs.

**In his response referenced MNDS19, dated 1<sup>st</sup> October 2019, the Controlling Officer concurred with my observation. He cited that the Ministry has conducted a preliminary investigation and it was discovered that on the issue of CTA Vehicle Charges the responses are the same as those the Ministry forwarded in the past years and nothing has been done. He also said that during national events, other Ministries fuel their vehicles in different army barracks around the country; and due to shortage of vehicles for special assignments, the Ministry is forced to hire vehicles. He went on highlighting that there are two digit vehicles which are charged under the Ministry of Defence instead of Eswatini National Treasury, thus hiking the CTA charges, and a number of vehicles boarded continue to be charged under the Ministry of Defence.**

**He also explained that the Personnel Costs' significant over expenditure was caused by insufficient budget allocation by the Ministry of Finance.**

## **26 Outstanding payments**

I further communicated to the Controlling Officer through a memorandum referenced D14 Vol. V/32, dated 26<sup>th</sup> September 2019 that during the audit of the Arrears (Detailed Statement of Liabilities) compiled by the Treasury Department, I noted that the Ministry had outstanding payments amounting to E71,103,183.49 as at 31<sup>st</sup> March 2019. Outstanding payments amounting to E66,393,267.42 were submitted to the Treasury Department for processing and reporting, while invoices and bills amounting E4,709,916.07 were held by the Ministry and not submitted to the Treasury Department for payment processing and reporting.

Financial and Accounting Instruction number 0410, requires that the Ministry should keep close control on all commitments, and enquiries should be made if a commitment does not become actual expenditure, within a reasonable time. Moreover, all outstanding debts should be reported to the Treasury Department at the end of each financial year in order to have them reported in the Financial Statements.

**In his response referenced MNDS 19/2, dated 14<sup>th</sup> October 2019, the Controlling Officer provided evidence that invoices amounting to E51,570,301.45 were processed and paid in the last month of the financial year 2018/2019. The remaining invoices amounting to E14,822,965.97 (especially those for utility and communication bills) could not be located because the information from Treasury had no invoice numbers or dates. She further explained that invoices amounting to E4,709,916.07 were never submitted to Treasury because the budget under item 046 (utility bills) and item 024 (communication bills) had been exhausted. Due to the insufficient budget allocation, the Ministry is not able to timeously submit all its bills and invoices to Treasury Department for reporting and processing; thus, the payment of bills always lags behind.**

## HEAD 09: MINISTRY OF TINKHUNDLA ADMINISTRATION AND DEVELOPMENT

### 27 Detailed Statement of Recurrent Expenditure

An audit of the Detailed Statement of Recurrent Expenditure for the financial year ended 31<sup>st</sup> March 2019 was conducted and my findings were communicated to the Principal Secretary through a memorandum referenced E28 Vol. IX/22, dated 24<sup>th</sup> September 2019. The Controlling Officer responded through a memorandum referenced TINK2/3 V10L 4 and dated 27<sup>th</sup> September 2019; however, the following issues remain reportable.

#### 27.1 Unauthorised Over Expenditure on Recurrent Vote

During the audit of the Detailed Statement of Recurrent Expenditure for the financial year ended 31<sup>st</sup> March 2019, I observed that there was an over expenditure of E4,379,505.73 (194%) incurred on CTA Vehicles Charges, as illustrated in the table below.

Head	Item	Released Budget (E)	Actual Expenditure (E)	Over Expenditure (E)	%
09	00 CTA Vehicle charges	2,255,735.00	6,635,240.73	4,379,505.73	194%

A breakdown of the over expenditure on CTA Vehicles Charges incurred by some Departments of the Ministry is depicted in the table below:

Department	Appropriated Budget (E)	Released Budget (E)	Actual Expenditure (E)	Over Expenditure (E)	%
Ministry Administration -11	1,239,903.00	516,625.00	4,572,539.75	4,055,914.75	785%
Regional Administration - 12	2,762,081.00	1,150,860.00	1,322,030.87	171,170.87	15%
Community Development - 31	1,116,747.00	465,310.00	590,615.86	125,305.86	27%
Decentralisation - 35	103,313.00	42,110.00	63,139.20	21,029.20	50%
<b>Total</b>				<b>4,373,420.68</b>	

Over expenditures beyond the budget provision and appropriated funds by Parliament are not only unlawful but also result in serious repercussions in 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 in the Treasury Warrants.

**In his response referenced TINK2/3 V10L 4, dated 27<sup>th</sup> September 2019, the Controlling Officer concurred with my observation. However, she cited that their request for an increase in the total appropriated budget was not granted.**

*The response of the Controlling Officer is not satisfactory since it does not address the issue of unauthorised expenditure and how the Ministry seeks to strengthen internal controls regarding the management of CTA Vehicle Charges.*

## **27.2 Under expenditure on Recurrent Vote**

I also noted there were significant under expenditures amounting to E99,299,505.17, in certain Departments of the Ministry: for Grants and Subsidies – Internal recorded E95,285,000.00; Professional and Special Services E3,616,058.95; and Personnel Costs E398,446.22. The breakdown of the under expenditures is depicted in the table below:

<b>Department/ Unit</b>	<b>Item</b>	<b>Appropriated Budget (E)</b>	<b>Released Budget (E)</b>	<b>Actual Expenditure (E)</b>	<b>Under expenditure (E)</b>	<b>%</b>
Ministry Administration - 11	Grants and Subsidies – Internal	118,000,000.00	100,300,000.00	5,015,000.00	95,285,000.00	95%
Regional Administration - 12	Professional and Special Services	21,039,541.00	14,427,365.00	10,811,306.05	3,616,058.95	25%
Central Rural Development –15	Personnel Costs	404,389.00	404,388.00	5,941.78	398,446.22	99%
<b>Total</b>			<b>115,131,753.00</b>	<b>15,832,247.83</b>	<b>99,299,505.17</b>	

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, therefore, consider under expenditures of 10% and above on capital projects in a year as not conducive to the development of the country.

**In her response referenced TINK2/3 V10L 4, dated 27<sup>th</sup> September 2019, the Controlling Officer concurred with my findings, and cited that in the fiscal year 2018/19, the Ministry of Economic Planning and Development suspended all capital projects due to cash flow challenges. The under expenditure in Grants and Subsidies – Internal of 95% fall under capital projects for the Regional Development Funds (RDF) and the 5% expended were for administration costs.**

**The under expenditure in Professional and Special Services of E3,616,058.95 (25%) was caused by non-payment of the medical aid contributions for the 10<sup>th</sup> Parliament (Tindvuna**

Tetinkhundla and Bucopho) for the remaining nine months after their term had been dissolved.

The Controlling Officer disassociated herself from the under expenditure on Personnel Costs of E398,446.22 (99%), and said that the Central Rural Development was no longer part of their Ministry but under the Ministry of Agriculture and that the Ministry had never incurred any expenditure under this centre.

## **28 Unauthorised Over Expenditure Project G615/70 – Computerisation of Tinkhundla Centres**

I also communicated to the Controlling Officer through a memorandum referenced E28 Vol. IX/23 dated 24<sup>th</sup> September 2019 that during the audit of the Detailed Statement of Capital Expenditure for the year ended 31 March 2019, I observed that there was over expenditure of E478,927.41 incurred on Project G615/70 – Computerisation of Tinkhundla Centres. The details of the over expenditure are depicted in the table below:

<b>Project Name</b>	<b>Approved Budget (E)</b>	<b>Released Budget (E)</b>	<b>Actual Expenditure (E)</b>	<b>Over Expenditure (E)</b>	<b>%</b>
G615/70 – Computerisation of Tinkhundla Centres and Regional Administration Centres	1,924,000.00	962,000.00	1,440,927.41	478,927.41	50%

Over expenditure beyond the budget released as appropriated by Parliament is not only unlawful but also results in serious repercussions in 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 in the Treasury Warrants.

**In her response referenced TINK2/3 V10L 4, dated 27<sup>th</sup> September 2019, the Controlling Officer concurred with my observations but explained that this anomaly was rectified by the Ministry of Economic Planning and Development after discovering the error, through journal voucher number 130813 correcting erroneously posted funds for project G606/70.**

*There was no evidence that the journal entries were posted to correct the error in the Government Accounting System. The matter remains reportable.*

## **29 Outstanding Payments – Arrears at year end**

I further communicated to the Controlling Officer through a memorandum referenced E28 Vol. IX/24, dated 26<sup>th</sup> September 2019, that during the audit of the Arrears (Detailed Statement of Liabilities) compiled by the Treasury Department, I noted that the Ministry had outstanding payments amounting to E57,338,415.70 as at 31<sup>st</sup> March 2019. Outstanding payments amounting to E43,078,327.00 were submitted to the Treasury Department for processing and reporting, while invoices and bills amounting E14,260,088.70 were held by the Ministry and not submitted to the Treasury Department for payment processing and reporting.

Financial and Accounting Instruction number 0410, stipulates that the Controlling Officer should keep close control on all commitments, and enquiries should be made if a commitment does not become actual expenditure, within a reasonable time. Moreover, all outstanding debts should be reported to the Treasury Department at the end of each financial year in order to have them reported in the Financial Statements.

**In her response referenced TINK2/3 V10L 4 (dated 30<sup>th</sup> September 2019), the Controlling Officer concurred with my findings on outstanding payments amounting to E85,140,682.14 as per the Treasury Report; prior to being adjusted to E57,338,415.70 as per a revised outstanding payments report submitted by the Treasury Department. She highlighted that the Ministry has discovered that the Treasury Report contains figures that are not accurate. She cited that under the submitted invoices there is a transaction payment to Examination Council of Eswatini amounting to E38,464,005.00 which they believed that it was erroneously posted into their account. Therefore, the E43,078,327.00 should be adjusted to E4,614,322.00.**

**Further, she also cited that under the invoices not submitted to Treasury there was an error whereby invoice number 025003663 was captured in monetary terms hence it was recorded as E25,003,663.00. Hence, the total amount of the invoices that were not yet submitted for payment processing was E17,058,692.14, which was also subject to reconciliation.**

*This indicates that the data from the Accountant General was not accurate. The Accountant General should reconcile the records with the Ministries and Departments so as to provide an accurate and true reflection of the outstanding payments.*

## HEAD 10: MINISTRY OF NATURAL RESOURCES AND ENERGY

### **30 Under Expenditure on Capital Project F02686 – Strategic Fuel Reserve Depot and Project X46199 – Rehabilitation of DWA Laboratory**

I communicated to the Controlling Officer through a memorandum referenced N19 Vol. III/74, dated 24<sup>th</sup> September 2019 that during the audit of the Detailed Statement of Capital Expenditure for the financial year ended 31st March 2019, I noted that there was an under expenditure on two Capital Projects amounting to E18,824,645.72. The under expenditure on Project F02686 – Strategic Fuel Reserve Depot was E16,271,106.18, and E2,553,539.54 on Project X46199 – Rehabilitation of DWA Laboratory.

The following table depicts the details of the under expenditures on the Capital Projects:

<b>Project Name</b>	<b>Approved Budget (E)</b>	<b>Funds Released (E)</b>	<b>Actual Expenditure (E)</b>	<b>Under Expenditure (E)</b>	<b>%</b>
X46199 – Rehabilitation of DWA Laboratory	8,400,000.00	4,200,000.00	1,646,460.46	2,553,539.54	60.8
F02686 – Strategic Fuel Reserve Depot	40,000,000.00	35,000,000.00	18,728,893.82	16,271,106.18	46.5
<b>Total</b>				<b>18,824,645.72</b>	

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 utilised to finance essential programmes or projects, they would have contributed towards the development and economic growth of the country. I, therefore, consider under expenditures of 10% and above on capital projects in a year as not conducive to the development of the country.

**In her response referenced NRF/E/75, dated 1<sup>st</sup> October 2019, the Controlling Officer cited that, according to the Ministry's records the reported under expenditure did not occur, with regard to Project F02686 – Strategic Fuel Reserve Depot. Further, she stated that the total expenditure under the above-mentioned project was E34,509,242.65 instead of the reported E18,728,893.82, recording a variance of E490,757.35 instead of the reported E16,271,106.18.**

The response indicates that there were omitted expenditures amounting to E15,780,348.83 of the Project FO2686 – Strategic Fuel Reserve Depot, in the Statement of Capital Expenditure. The details of non-disclosed or omitted expenditures are depicted in the table below:

<b>Activity</b>	<b>Date when payment was effected</b>	<b>Amount paid (E)</b>
<i>Eswatini National Petroleum Company Subvention</i>	<i>18<sup>th</sup> December 2018</i>	<i>1,270,000.00</i>
<i>CTCI Corporation Phase 1, Review and update of existing preliminary designs and detailed estimates withholding tax to Eswatini Revenue Authority</i>	<i>13<sup>th</sup> March 2019</i>	<i>1,012,027.69</i>
<i>CTCI Corporation. Phase 1, Review and update of existing preliminary designs and detailed estimates</i>	<i>14<sup>th</sup> March 2019</i>	<i>9,175,914.90</i>
<i>CTCI Corporation. Phase 1, Review and update of existing preliminary designs and detailed estimates withholding tax to Eswatini Revenue Authority</i>	<i>28<sup>th</sup> March 2019</i>	<i>432,240.62</i>
<i>CTCI Corporation. Phase 1, Review and update of existing preliminary designs and detailed estimates.</i>	<i>Initiated on the 14<sup>th</sup> March 2019.</i>	<i>3,890,165.62</i>
<b>Total</b>		<b>15,780,348.83</b>

These expenditures (transactions) were not captured correctly in the Government Accounting System; hence, the total capital expenditure was understated by E15,780,348.83. The Ministry of Natural Resources and Energy and the Treasury Department have to account for the undisclosed expenditures made under this project, including how this can be prevented in the next financial reporting period.

Notes to the statement of receipts and expenditure also indicate that an amount of E18,093,527.29 was erroneously classified in local capital funds whilst the remaining balance of E635,366.53 was erroneously classified as "procurement of ambulances".

**With regard to Project X46199 – Rehabilitation of DWA Laboratory, the Controlling Officer concurred with my observation of under expenditure, however she explained that the actual expenditure incurred in the fiscal year 2018/19 was E2,230,986.24 instead of E1,646,460.46 reported by the Treasury Department, and the variance amounted to E1,969,013.76 (which was 46.9%). She further highlighted that the budget included the accreditation exercise, amounting to E1,650,000.00, which was not done in the fiscal year 2018/2019, due to delay in completion of the rehabilitation of Laboratory, by the Ministry of Public Works and Transport. She reported that, as at 3<sup>rd</sup> October 2019, the project was at 95% complete and hoped to be completed by end of October 2019.**

Again, the response shows that there was an omission of expenditure amounting to **E584,525.78.**

*I communicated to the Accountant General, through a memorandum referenced A2/2018/19/ Vol. II/23 (dated 29<sup>th</sup> October 2019), the issue of uncaptured transactions of these capital projects. In his response referenced 022/001/AR, the Accountant General concurred with my finding, and he cited that the payments pertaining to these projects was indeed made in the year under review and the transactions were not captured in the Government Accounting System. This was an oversight in the Ministry concerned and the Treasury Department has brought it to their attention.*

*With regard to Project X461/99, the Accountant General explained that efforts to locate any information pertaining to the expenditure of E584,525.78 proved futile and the Ministry denied ownership of it, and he provided details of the four certificates issued for this project, as illustrated below:*

**ENDER No. 162 of 2017/2018 for Project No. X46199 Awarded to NP Construction (Pty) Ltd**

<b>Details</b>	<b>Amount Paid (E)</b>	<b>Balance Amount (E)</b>	<b>Acknowledgement Date</b>
<b>Entitlement:</b>		<b>1,522,269.26</b>	
<i>Certificate No. 1</i>	<i>143,356.27</i>	<i>1,378,912.99</i>	<i>07.06.2018</i>
<i>Certificate No. 2</i>	<i>433,870.88</i>	<i>945,042.11</i>	<i>04.07.2018</i>
<i>Certificate No. 3</i>	<i>293,281.47</i>	<i>651,760.64</i>	<i>15.02.2019</i>
<i>Certificate No. 4</i>	<i>629,558.69</i>	<i>22,201.95</i>	

### **31 Detailed Statement of Recurrent Expenditure**

An audit of the Detailed Statement of Recurrent Expenditure for the financial year ended 31st March 2019 was conducted and my findings were communicated to the Principal Secretary through a memorandum referenced N19 VOL III/72, dated 25<sup>th</sup> September 2019. The Controlling Officer responded through a memorandum referenced NRF/3/1/11/2 and dated 4<sup>th</sup> October 2019; however, the following issues remain reportable.

#### **31.1 Unauthorised Over Expenditure on Recurrent Vote**

During the audit of the Detailed Statement of Recurrent Expenditure for the financial year ended 31st March 2019, I observed that over expenditures on Personnel Costs amounting to E1,784,665.02 and on CTA Vehicle Charges amounting to E3,996,348.25, were incurred by the Ministry in some of the Responsibility Centres.

## CTA Vehicle Charges

While the aggregated on CTA Vehicle Charges over expenditure represented 37% of the total budget released; a remarkably high over expenditure representing 854% of the released budget was incurred by the Surveys Responsibility Centre and E2,748,860.79 (29%) incurred by the Ministry Administration, as illustrated in the following tables:

### Aggregated Over Expenditure on CTA Vehicle Charges:

Released Budget (E)	Actual Expenditure (E)	Over Expenditure (E)	%
10,781,246.00	14,777,594.25	3,996,348.25	37%

### Break down of over expenditure on CTA Vehicle Charges per Responsibility Centre:

Responsibility Centre	Appropriated Budget (E)	Released Budget (E)	Actual Expenditure (E)	Over expenditure (E)	%
Ministry Admin -11	9,364,281.00	9,364,281.00	12,113,141.79	2,748,860.79	29 %
Surveys – 46	287,028.00	154,969.00	1,478,261.37	1,323,292.37	854 %

## Personnel Costs

The over expenditure on Personnel Costs was incurred by the Minister and Lands Responsibility Centres, as illustrated in the table below:

Department/ Unit	Appropriated Budget (E)	Released Budget (E)	Actual Expenditure (E)	Over expenditure (E)	%
Minister-10	2,722,178.00	2,274,068.00	2,618,160.51	344,092.51	15 %
Lands-26	6,747,891.00	6,889,296.00	8,329,868.51	1,440,572.51	21 %
<b>Total</b>				<b>1,784,665.02</b>	

Over expenditures beyond the budget released funds as appropriated by Parliament are not only unlawful but also result in serious repercussions in 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 in the Treasury Warrants.

**In her response referenced NRF/3/1/11/2, dated 4<sup>th</sup> October 2019, the Controlling Officer acknowledged the over expenditure on CTA Vehicle Charges amounting to E2,748,860.79, incurred under the Ministry's Administration (Responsibility Centre 11). She explained the contributing factors to the over expenditure: the CTA billing system which includes long term hire charges, maintenance charges and other associated CTA charges which the Ministry has no control over, hence over expenditure is unavoidable; and the Drill Rig contributes immensely to the over expenditure which always comes as a supplementary request for fueling.**

**The Controlling Officer further acknowledged the over expenditure of E1,323,292.37 on CTA Vehicle Charges incurred by the Surveys – Responsibility Centre. The Surveyor General wrote a Minute to the Principal Secretary requesting authority to hire two (2) vehicles from CTA in order to carry out the data collection exercise for Project No. X509/99 entitled: Sustainable Land Administration and Management (SLAM). Subsequently, the two Isuzu twin cab vehicles, GSD 404 CP and GSD 292 CP were released by the CTA to the Ministry for the Project. When the Ministry requested the rent charges for the two vehicles, CTA gave out amounts of E164,000.00 and E17,000.00 for one month (October) and those were observed to be exorbitant and inconsistent because the vehicles were driven from one place to the same destinations every day. When the Transport Administration was requested for a breakdown of the charges, none was forthcoming, hence the ministry decided to surrender the vehicles to CTA and sought an alternative from commercial vehicle hire companies.**

**The Controlling Officer also acknowledged the over expenditure of E344,092.51 (15.1%) on Personnel Costs under the Minister Centre. The term of office for the previous Minister came to an end in October 2018 and ex-gratia payouts and terminal benefits had to be done in respect of the Minister herself and her temporary assistant staff. Hence, the Ministry had to pay a substantial amount of money in the form of a tax deduction to ESRA in respect of the ex-gratia payment for the Minister. Due to the cash-flow crisis, these amounts were insufficient, hence the over expenditure.**

**The Controlling Officer cited that the over expenditure of E1,440,572.51 (21%) on Personnel Costs, under the Lands – Responsibility Centre 26, relates to the salaries and allowances for the members of the Land Management Board. The reason for the over expenditure was that there was no budget allocation by the Ministry of Finance for payment of salaries and allowances for the members of the said board during FY2018/19 as well as the FY2019/20. The Ministry is not privy to the reason for the non-allocation of a budget in respect of salaries and allowances for the two consecutive financial years, considering that, over the years, the Ministry of Finance has always allocated a budget in order to pay salaries and allowances for the members of the said board. Furthermore, the Ministry wishes to state that as soon as it became aware of the over expenditure, it held bilateral meetings with the Ministry's sectoral officer at the Ministry of Finance regarding this matter, who advised the Ministry that nothing could be done to rectify this error of omission, and that going forward, a budget shall be allocated for the next financial year.**

*Though I appreciate the explanation about causes of over expenditure in question, as given by the Controlling Officer, I am not aware of any corrective measures undertaken by the Ministry to strengthen internal controls, and the assurance of their effectiveness to eliminate the occurrence of over expenditure on CTA Vehicle Charges and Personnel Costs.*

### **31.2 Under Expenditure on Recurrent Vote**

I also noted that the Ministry underspent the released budget by E110,191.29 on Travel, Transport and Communication in the Administration, and E117,665.22 on CTA Vehicle Charges in the Water Affairs Department, as illustrated in the table below.

<b>Responsibility Centre</b>	<b>Item</b>	<b>Appropriated Budget (E)</b>	<b>Released Budget (E)</b>	<b>Actual Expenditure (E)</b>	<b>Under Expenditure (E)</b>	<b>%</b>
Ministry Admin -11	Travel, Transport and Communication	1,277,259.00	1,076,373.00	966,181.71	110,191.29	10.2%
Water Affairs - 34	CTA Vehicle Charges	934,382.00	759,820.00	642,154.78	117,665.22	15.5%
<b>Total</b>					<b>227,856.51</b>	

Under expenditure is a serious concern as the unutilised funds deprive other Government projects or programmes of funds for 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 therefore consider under expenditures of 10% in a year as not conducive to the development of the country.

**In her response, the Controlling Officer concurred with my observation of the under expenditure on CTA Vehicle Charges, under the Department of Water Affairs – Responsibility Centre 34. She explained that the Ministry was in the process of transferring these funds from this responsibility centre to the Administration Centre, however by the close of the financial year 2018/2019, the funds had not been transferred, thus resulting to the under expenditure.**

*The Controlling Officer did not give an informed explanation to account for the under expenditure.*

### **32 Outstanding Payments – Arrears at year end**

I further communicated to the Controlling Officer through a memorandum referenced N19 Vol. III/75, dated 26<sup>th</sup> September 2019 that during the audit of Arrears (Detailed Statement of Liabilities) compiled by the Treasury Department, I noted that the Ministry had outstanding payments amounting to E265,612,446.41 as at 31<sup>st</sup> March 2019. Outstanding payments amounting to E48,815,941.86 were submitted to the Treasury Department for processing and reporting, while invoices and bills amounting to

E216,796,504.55 were held by the Ministry and not submitted to the Treasury Department for payment processing and reporting.

Financial and Accounting Instruction number 0410, states that the Ministry should keep close control on all commitments, and enquiries should be made if a commitment does not become actual expenditure, within a reasonable time. Moreover, all outstanding debts should be reported to the Treasury Department at the end of each financial year in order to have them reported in the Financial Statements.

**The Controlling Officer explained that due to the insufficient funds to accommodate all invoices mostly communications with Eswatini Posts and Telecommunications and Eswatini MTN the Ministry was unable to settle all the payments furnished to the Ministry. However, the outstanding invoices and bills do not amount to the stated figure of E216,796,504.55. She further stated that the Ministry will ensure to keep a close control on all commitments within a reasonable time, going forward.**

*The Controlling Officer did not provide evidence to support the above statement with regards to the outstanding payments.*

## **HEAD 15: GEOLOGICAL SURVEYS, MINERALS AND MINES DEPARTMENT**

### **33 Unauthorised Over Expenditure on Recurrent Vote**

I communicated to the Controlling Officer through a memorandum referenced N19 Vol. III/73, dated 25<sup>th</sup> September 2019 that during the audit of the Detailed Statement of Recurrent Expenditure for the financial year ended 31<sup>st</sup> March 2019, I observed over expenditure of E1,000,194.26 on CTA Vehicle Charges and E2,303,814.68 on Personnel Costs, incurred by the Departmental and Mining Administration Responsibility Centres.

The details of the over expenditures are depicted in the table below:

<b>Responsibility Centre</b>	<b>Item</b>	<b>Appropriated Budget (E)</b>	<b>Released Budget (E)</b>	<b>Actual Expenditure (E)</b>	<b>Over-Expenditure (E)</b>	<b>%</b>
Departmental Administration	00 CTA Vehicle Charges	4,228,639.00	1,702,764.00	2,702,958.26	1,000,194.26	58.7%
Mining Administration	01 Personnel Costs	1,418,325.00	1,418,324.00	3,722,138.68	2,303,814.68	162.4%
<b>Total</b>					<b>3,304,008.94</b>	

Over expenditures beyond the budget released funds as appropriated by Parliament are not only unlawful but also result in serious repercussions in 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 in the Treasury Warrants.

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 address the above anomaly or strengthen the internal controls, and the assurance of their effectiveness to eliminate the occurrence of over expenditure on CTA Vehicle Charges, and Personnel Costs.

**In her response referenced MD/017, dated 4<sup>th</sup> October 2019, the Controlling Officer concurred with my observation of over expenditure on CTA Vehicle Charges and Personnel Costs.**

**Regarding the over expenditure on CTA Vehicle Charges, she explained that the appropriated budget of E4,228,639.00 was for the total fleet in Department, and the Ministry of Finance only released E1,702,764.00 while the actual expenditure was E2,702,958.26 and resulted in an over expenditure of E1,000,194.26. She cited that the Geological Survey Department conducts geological surveying on various target areas**

around the country, and she also highlighted that CTA billing is always delayed and that does not help in the control on this item.

With regard to the over expenditure on Personnel Costs, the Controlling Officer also explained that the remuneration for members of the Minerals Management Board is budgeted for under Item 041 - Mining Administration, however the salaries and allowances are charged under Item 01 – Personnel Costs. She said that this anomaly was reported to the Ministry of Finance to correct it, but it was not corrected. Hence the Ministry profusely apologised for the over expenditure and remedial actions are being implemented to prevent recurrence of these transactions.

### **34 Outstanding Payments – Arrears at year end**

I further communicated to the Controlling Officer through a memorandum referenced N19 Vol. III/76, dated 26<sup>th</sup> September 2019 that during the audit of Arrears (Detailed Statement of Liabilities) compiled by the Treasury Department, I noted that the Department had outstanding payments amounting to E289,339.34 as at 31<sup>st</sup> March 2019, which were not submitted to the Treasury Department for payment processing and reporting.

Financial and Accounting Instruction number 0410, requires that the Ministry should keep close control on all commitments, and enquiries should be made if a commitment does not become actual expenditure, within a reasonable time. Moreover, all outstanding debts should be reported to the Treasury Department at the end of each financial year in order to have them reported in the Financial Statements.

## HEAD 20: MINISTRY OF AGRICULTURE

### 35 Audit of the Detailed Statement of Recurrent Expenditure

An audit of the Detailed Statement of Recurrent Expenditure for the financial year ended 31st March 2019 was conducted and my findings were communicated to the Principal Secretary through a memorandum referenced A15 Vol. XI/45, dated 27<sup>th</sup> September 2019. The Ministry of Agriculture did not respond to my audit findings; thus contravened Financial and Accounting Instruction number 0315 (ii), which states that the Controlling Officer should respond promptly to audit queries.

#### 35.1 Unauthorised Over Expenditure on Recurrent Vote

During the audit of the Detailed Statement of Recurrent Expenditure for the financial year ended 31<sup>st</sup> March 2019, I observed that there was an over expenditure of E7,618,945.12 incurred on CTA Vehicles Charges. The details of the over expenditure are depicted in the table below:

Activity/Item	Budget Released (E)	Actual Expenditure (E)	Over Expenditure (E)	%
<b>Ministry Admin(11)</b>				
00 CTA Vehicle Charges	11,899,390.00	18,376,404.51	6,477,014.51	54.4
<b>Agriculture Promotion &amp; Extension (22)</b>				
00 CTA Vehicle Charges	5,760,230.00	6,902,160.61	1,141,930.61	19.8
<b>Total</b>			<b>7,618,945.12</b>	

Over expenditures beyond the budget released funds as appropriated by Parliament are not only unlawful but also result in serious repercussions in 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 in the Treasury Warrants.

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 address the above anomaly or strengthen the internal controls, and the assurance of their effectiveness to eliminate the occurrence of over expenditure on CTA Vehicle Charges.

### 35.2 Under Expenditure on Recurrent Vote

I also noted there were under expenditures amounting to E3,942,210.37, incurred by certain Responsibility Centres of the Ministry, on CTA Vehicle Charges, Personnel Costs, Travel, Transport and Communication, and Grants and Subsidies – External. The breakdown of the under expenditure is depicted in the following table.

Activity/Item	Budget Released (E)	Actual Expenditure (E)	Under Expenditure (E)	%
<b>Minister (10)</b>				
00 CTA Vehicle Charges	72,081.00	10,952.40	61,128.60	84.8%
01 Personnel Costs	2,568,902.00	2,262,739.45	306,162.55	11.9%
02 Travel, Transport and Communication	220,171.00	49,809.47	170,361.53	77.4%
<b>Department of Agriculture Planning And Analysis (12)</b>				
00 CTA Vehicle Charges	74,631.00	53,266.73	21,364.27	28.6%
<b>Department Of Livestock Production and Extension Services (21)</b>				
00 CTA Vehicle Charges	2,980,947.00	2,512,131.17	468,815.83	15.7%
<b>Agriculture Promotion &amp; Extension (22)</b>				
02 Travel, Transport and Communication	303,520.00	195,670.26	107,849.74	35.5%
<b>Forestry (24)</b>				
00 CTA Vehicle Charges	38,040.00	19,566.25	18,473.75	48.6%
<b>Department Of Agriculture Land use Planning and Development (26)</b>				
00 CTA Vehicle Charges	2,826,135.00	2,164,623.08	661,511.92	23.4%
<b>Department Of Agricultural Research &amp; Specialist Services (27)</b>				
00 CTA Vehicle Charges	1,266,600.00	1,009,433.11	257,166.89	20.3%
11 Grants and Subsidies – External	1,025,334.00	858,517.06	166,816.94	16.3%
<b>Home Economics (31)</b>				
01 Personnel Costs	4,707,188.00	3,122,829.87	1,584,358.13	33.7%
<b>Co-Operatives and Marketing (51)</b>				
00 CTA Vehicle Charges	135,430.00	17,229.78	118,200.22	87.3%
<b>Total</b>			<b>3,942,210.37</b>	

Under expenditure is a serious concern as the unutilised funds deprive other Government projects or programs, of planned development initiatives. Had the funds been accessible and/or used to finance essential programs, they would have contributed towards the development and economic growth of the country. I, therefore, consider under expenditures of 10% and above on capital projects in a year as not conducive to the development of the country.

*The Controlling Officer did not give an informed explanation to account for the above under expenditure.*

### **36 Outstanding Payments – Arrears at year end**

I also communicated to the Controlling Officer through a memorandum referenced A15 Vol. XI/44, dated 26<sup>th</sup> September 2019 that during the audit of the Arrears (Detailed Statement of Liabilities) compiled by the Treasury Department, I noted that the Ministry had outstanding payments amounting to E128,164,935.91 as at 31<sup>st</sup> March 2019. Outstanding payments amounting to E54,971,335.96 were submitted to the Treasury Department for processing and reporting, while invoices and bills amounting to E73,193,599.95 were held by the Ministry and not submitted to the Treasury Department for payment processing and reporting.

Financial and Accounting Instruction number 0410, requires that the Ministry should keep close control on all commitments, and enquiries should be made if a commitment does not become actual expenditure, within a reasonable time. Moreover, all outstanding debts should be reported to the Treasury Department at the end of each financial year in order to have them reported in the Financial Statements.

### **37 Irrecoverable Outstanding Revenue**

Through a memorandum referenced A2/18/19/39, dated 23<sup>rd</sup> September 2019, I further communicated to the Controlling Officer that the Consolidated Statement of Outstanding Revenue shows irrecoverable debts amounting to E51,468.20 as at 31<sup>st</sup> March 2019, which was also disclosed in the notes. These debts are from the year ended 31<sup>st</sup> March 2016 and have been outstanding for a period of over four (4) years, without being recovered by the Ministry. An extract of the debts from the Consolidated Statement of Outstanding Revenue is illustrated in the following table.

<b>Ministry of Agriculture</b>	<b>Balance for 2015/2016</b>	<b>Balance for 2016/2017</b>	<b>Balance for 2017/2018</b>	<b>Outstanding Balance 2018/2019</b>
	<b>E</b>	<b>E</b>	<b>E</b>	<b>E</b>
Overdue outstanding revenue	51,468.20	51,468.20	51,468.20	51,468.20

I am concerned that the Ministry is not prioritizing to recover the outstanding revenue, and I am not aware of any action undertaken towards recovering these debts that have been outstanding over a period of four (4) years. The outstanding revenue should be recovered promptly and should not be written off until all efforts and possible measures have been exhausted.

*There were no responses with reference to the above matters in paragraph 34 to 35. Hence, the Ministry has contravened the Financial Accounting Instruction 0315 (ii) which states that the Controlling Officer should respond promptly to audit queries.*

## HEAD 23: ECONOMIC PLANNING AND DEVELOPMENT

### 38 Audit of the Detailed Statement of Capital Expenditure

An audit of the Detailed Statement of Capital Expenditure for the financial year ended 31st March 2019 was conducted and my findings were communicated to the Principal Secretary through a memorandum referenced S62A Vol. V/32, dated 24<sup>th</sup> September 2019. The Controlling Officer responded through a memorandum referenced STATS 16.30 (1), dated 4<sup>th</sup> October 2019; however, the following issues remain reportable.

#### **38.1 Non-utilisation of Funds on Project G59999 – Multiple Indicator Cluster Survey**

During the audit of the Detailed Statement of Capital Expenditure for the financial year ended 31<sup>st</sup> March 2019, I observed that there was non-utilisation of capital project funds amounting to E1,530,266.00, which were appropriated by Parliament. The details of non-utilised capital project funds are depicted below:

Project Name	Approved Estimate (E)	Revised Provision (E)	Funds Released (E)	Actual Expenditure (E)	%
G59999 – Multiple Indicator Cluster Survey	10,000,000.00	10,000,000.00	1,530,266.00	-	100%

The entire budget was not utilised, resulting in non-utilisation of 100% in this project. This project was not implemented by the Ministry. Hence, improvement of the lives of the citizens and/or country's economic growth through the development of its communities was delayed.

If it remains unimplemented for too long, the projects may become expensive to complete.

**The Controlling Officer concurred with my observation. He stated that the Ministry requested from the Ministry of Public Service to conduct the MICS from November 2018 to February 2019. However, the response granting the authority to conduct the MICS was received in February 2019, hence the project could not be implemented in the requested period. He further stated that however the project commenced in September 2019 and is expected to be completed in March 2020.**

*I am however not satisfied by the Controlling Officer's response since he has not stated the date on which the letter of request was submitted to the Ministry of Public Service, and further did not provide evidence of such.*

### **38.2 Under expenditure on Capital Projects: G60999, G57599, G605599, and G60199**

I also noted that there was under expenditure on four (4) Capital Projects of the Ministry, amounting to E82,229,931.16. These projects were G60999 – Micro-Projects Infrastructure; G57599 – The Swaziland Agriculture Survey; G60599 – Swaziland Population and Household Census; and G60199 – Swaziland Household Income and Expenditure Survey.

The table below depicts the Capital Projects that had significant under expenditure at the financial year ended 31<sup>st</sup> March 2019.

<b>Project Name</b>	<b>Approved Budget (E)</b>	<b>Funds released (E)</b>	<b>Actual expenditure (E)</b>	<b>Under Expenditure (E)</b>	<b>Variance %</b>
G60999 – Micro-Projects Infrastructure	360 000 000	128 287 000	56 000 000	72 287 000.00	56.35%
G57599 – The Swaziland Agriculture Survey	16 000 000	8 000 000	1 674 562.68	6 325 437.32	79.07%
G60599 – Swaziland Population and Household Census	14 000 000	5 888 894	2 731 478.85	3 157 415.15	53.62%
G60199 – Swaziland Household Income and Expenditure Survey	2 084 000	1 041 779	581 700.31	460 078.69	44.16%
<b>Total</b>				<b>82,229,931.16</b>	

Under expenditure is a serious concern as the funds deprive other Government projects or programmes of planned development initiatives. Had the funds been accessible and utilised to finance essential programmes or projects, they would have contributed towards the development and economic growth of the country. I, therefore, consider under expenditures of 10% and above on capital projects in a year as not conducive to the development of the country.

**In his response dated 30<sup>th</sup> September 2019, the Controlling Officer explained that the under expenditure on Project No. G60999 – Infrastructure Development was caused by the fact that the Checking Department closed on 20<sup>th</sup> March 2019, which was earlier than usual and their request to disburse under an accrual was rejected against the background of the Public Finance Management Act, 2017.**

*Whilst I acknowledge the response of the Controlling Officer, I am concerned that the Treasury Department has not applied this statutory requirement consistently across all Ministries and accrued accounts as the Detailed Statement of Liabilities still contains accounts payable in item 61001 and accrued liabilities which are accrual accounts in nature.*

**In his response referenced STATS 16.30(1), dated 4<sup>th</sup> October 2019, with regard to Project G60199, the Controlling Officer stated that the finalisation, editing and printing of the Swaziland Income and Expenditure Survey (SHIES) report took longer than expected, hence the results were not disseminated in the financial year 2018/2019. He explained that the World Bank also assisted in conducting data processing and analysis workshop for the MPI, hence Government funds were saved. He further assured that the report of the SHIES has been finalised and printed and that the office was currently preparing to conduct regional dissemination in the current financial year.**

*The response of the Controlling Officer is satisfactory.*

**With reference to Project G60599, the Controlling Officer concurred with my observation and stated that the project funds were for printing the thematic reports for the census, dissemination of these reports, procurement of damaged and lost tablets belonging to Statistics South Africa that had been loaned to Central Statistical Office for the data capture during the census, and allowances for officers that were engaged in the census fieldwork.**

**He explained that the tablets could not be procured as the office had been required to submit a losses form to the Losses Committee, however, the committee was not in existence during the financial year, hence the non-utilisation of the funds. Moreover, the printing and dissemination of the thematic report for the census could not be undertaken because an authority from Cabinet was not granted. The funds allocated to salaries and allowances could not be utilised as some officers were classified as ineligible to receive an allowance for overtime.**

*I am not satisfied with the Controlling Officer's response, since he has not provided an update of when the report will be printed and disseminated, and a detailed report about the damaged and lost tables. There was no explanation as to why there were loaned, and how the loss is being recovered from the officers that were responsible for the tables. He also did not furnish me with evidence that there was demand for replacement of the damaged and lost tables from Statistics South Africa, and what control measures are undertaken to avoid a similar future occurrence.*

**Regarding Project G57599, the Controlling Officer acknowledged my finding. He explicated that the Ministry had requested for an authority from the Ministry of Public Services to conduct the EAAS from November 2018 to July 2019. However, the Ministry never got a response, hence the project was not implemented, but the 20.93% of the funds was used for the preparation to start the project.**

*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.*

### **38.3 Over Expenditure on Project W37570 – Water and Sanitation for Nkhungwini, Mhlange**

I further observed that there was an over expenditure of E15,877,252.93, incurred on Project W37570 – Water and Sanitation for Nkhungwini, Mhlange. The details of the over expenditure are depicted in the table below:

<b>Project Name</b>	<b>Approved Budget (E)</b>	<b>Released Budget (E)</b>	<b>Actual Expenditure (E)</b>	<b>Over Expenditure (E)</b>	<b>%</b>
W37570 – Water and Sanitation for Nkhungwini, Mhlange	25,000,000.00	8,017,500.00	23,894,752.93	15,877,252.93	198%

Over expenditure beyond the budget funds released as appropriated by Parliament is not only unlawful but also results in serious repercussions in the fiscal budget. This was a 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 in the Treasury Warrants.

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 over expenditure on the project.

**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. He explained that the reported over expenditure of E15,877,252.93 was mistated by E158,797.54.**

*I am not satisfied with the Controlling Officer's response since he did not provided evidence to substantiate the above assertion. Further, the issue of over expenditure has not been addressed. The Government Accounting System still reflects actual expenditure of E23,894,752.93 against the released funds of E8,017,500.00.*

### **39 Unauthorised Over Expenditure on Recurrent Vote**

I communicated to the Controlling Officer through a memorandum referenced S62A Vol. V/34, and dated 25<sup>th</sup> September 2019 that during the audit of the Detailed Statement of Recurrent Expenditure for the financial year ended 31st March 2019, I noted that there were over expenditures amounting to E6,093,309.42 on CTA Vehicle charges, Personnel Costs, and Professional and Special Services. The details of the over expenditures are depicted in the following table:

Item	Released Budget (E)	Actual Expenditure (E)	Over Expenditure (E)	%
00 CTA Vehicle charges	1,695,415.00	3,832,327.17	2,136,912.17	126
01 Personnel Costs	31,685,239.00	35,521,698.64	3,836,459.64	12
04 Professional and Special Services	656,132.00	776,069.61	119,937.61	18
<b>Total</b>			<b>6,093,309.42</b>	

Over expenditures beyond the budget released funds, as appropriated by Parliament, are not only unlawful but also result in serious repercussions in 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 in the Treasury Warrants.

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 over expenditure on CTA Vehicles Charges, Personnel Costs, and Professional & Special Services.

**In his response dated 7<sup>th</sup> October 2019, the Controlling Officer stated that the Ministry had to attend at least four statutory external meetings which were costly, hence the Ministry was forced to allocate funds. The budget allocation for external travel was only E821,478.00 yet the Ministry used a total of E3,020,747.00. He further outlined that CTA charges had a budget of E3,526,964.00 but only E1,695,415.00 was released.**

#### **40 Outstanding Payments – Arrears at year end**

Through a memorandum referenced S62A Vol. V/33, and dated 26<sup>th</sup> September 2019, I also communicated to the Controlling Officer that during the audit of the Arrears (Detailed Statement of Liabilities) compiled by the Treasury Department, I noted that the Ministry had outstanding payments totaling E291,648,539.03 as at 31<sup>st</sup> March 2019. Outstanding payments amounting to E192,411,158.39 were submitted to the Treasury Department for processing and reporting, while invoices and bills amounting to E99,237,380.64 were held by the Ministry and not submitted to the Treasury Department for payment processing and reporting.

Financial and Accounting Instruction number 0410, stipulates that the Controlling Officer should keep close control on all commitments, and enquiries should be made if a commitment does not become actual expenditure, within a reasonable time. Moreover, all outstanding debts should be reported to the Treasury Department at the end of each financial year in order to have them reported in the Financial Statements.

*There was no response to the above matter. Hence, the Ministry has contravened the Financial Accounting Instruction 0315(ii) which states that the Controlling Officer should respond promptly to audit queries.*

## HEAD 24: MINISTRY OF HOUSING AND URBAN DEVOLPMENT

### 41 Audit of the Detailed Statement of Capital Expenditure

An audit of the Detailed Statement of Capital Expenditure for the financial year ended 31<sup>st</sup> March 2019 was conducted and my findings were communicated to the Principal Secretary through a memorandum referenced H10 Vol. V/19, and dated 24<sup>th</sup> September 2019. The Controlling Officer responded through an unreferenced memorandum dated 27<sup>th</sup> September 2019; however, the following issues remain reportable:

#### 41.1 Non-utilisation of Budget Released Funds on Project X50470 – Procurement of Basic Solid Waste Management Plant

I observed that there was non-utilisation of capital project funds, amounting to E5,070,000.00, which were appropriated by Parliament. The entire amount of budget released was not utilised, resulting to non-utilisation of 100% on this project. The details of non-utilisation of budget released funds are depicted below:

Project Name	Appropriated Budget (E)	Budget Released (E)	Actual Expenditure (E)	Non-utilisation (E)	%
X50470 - Procurement of Basic Solid Waste Management Plant	10,140,000.00	5,070,000.00	-	5,070,000.00	100%

The project was not implemented by the Ministry, despite that the budget was approved and released. Hence, improvement of the lives of the citizens and/or country's economic growth through the development of its communities was delayed. Further, the non-implementation of the project may become expensive to complete.

**In his response dated 27<sup>th</sup> September 2019, the Controlling Officer cited that there was an anomaly in the release of the funds allocated for the project, they were erroneously released to the CTO in the financial years 2016/17 and 2018/19. However, the Ministry was able to withdraw E7,8 Million with the Treasury Department following a persistent complaint by the supplier regarding non-payment whereas the equipment had already been delivered.**

**In his response dated 2<sup>nd</sup> October 2019, the Controlling Officer alluded to that the Ministry has requested the office of the Accountant General to withdraw the amount of E5,070,000.00 under Project X504/70 "Procurement of Basic Solid Waste Management Plant" from the Government Accounting System, since it was erroneously requested and will now constitute a double payment because the supplier had been paid (E12,700,000.00 to date) accordingly.**

*This matter remains reportable as corrective action was not taken to rectify the error.*

#### **41.2 Under Expenditure on Project X50770 – Manzini Autism Rehabilitation and Respite Centre Rehabilitation, P34799 – Satellite Fire Stations, and X50670 – Siteki Civic Centre**

I also noted that there was an under expenditure on three Capital Projects amounting to E1,738,619.57. The under expenditure on Project X50770 – Manzini Autism Rehabilitation and Respite Centre Rehabilitation was E653,456.43, P34799 – Mobile Satellite Fire Stations was E994,163.14, and E109,000.00 on Project X50670 – Siteki Civic Centre. The table below depicts the details of the under expenditure on the Capital Projects:

<b>Project Name</b>	<b>Approved Budget (E)</b>	<b>Funds Released (E)</b>	<b>Actual Expenditure (E)</b>	<b>Under Expenditure (E)</b>	<b>%</b>
X50770 – Manzini Autism Rehabilitation and Respite	1,276,00.00	638,000.00	2,543.57	635,456.43	99.6
P34799 – Mobile Satellite Fire Stations	7,000,000.00	1,286,293.00	292,129.86	994,163.14	77.3
X50670 – Siteki Civic Centre	634,000.00	317,000.00	208,000.00	109,000.00	34.4
<b>Total</b>				<b>1,738,619.57</b>	

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 utilised to finance essential programmes or projects, they would have contributed towards the development and economic growth of the country. I, therefore, consider under expenditures of 10% and above on capital projects in a year as not conducive to the development of the country.

**In his response dated 26<sup>th</sup> September 2019, the Controlling Officer stated that all payments have been made for the Project X50770 Manzini Autism Centre, under a Special Account, and payment for this project was effected by the Ministry of Economic Planning and Development following a request by the Ministry to do so. The project is now complete and all payments have been made.**

*The Controlling Officer did not provide a satisfactory response that clarifies why a request for the budget release of E638,000.00 was made, instead of E2,543.57, which was the balance remaining to be paid for the completed project. Further, he did not state how much was paid for the project as there was no project report and/or supporting evidence provided.*

*I communicated to the Accountant General, through a memorandum referenced A2/2018/19/ Vol. II/23 (dated 29<sup>th</sup> October 2019), the issue of uncaptured transactions of this capital project. In his response referenced 022/001/AR, the Accountant General concurred with my finding, and he cited the payment for this project was indeed made in the year under review, and the Ministry of Economic Planning and Development was notified of the oversight of capturing the transaction into the system.*

**Regarding Project 347/99 Mobile Satellite Fire Stations, the Controlling Officer in his response cited that only E256,392.33 was requested for installation of electricity in Big Bend and Mankayane and this activity was undertaken, the balance was reverted to Treasury Department on account of purported Cabinet directive to freeze all capital expenditures due to financial challenges.**

*The Government Accounting System reflects E292,129.86 as actual expenditure and not the E256,392.33 cited by the Controlling Officer. Further, my concern is how the balance was reverted to Treasury Department as no evidence was provided.*

**With reference to Project Siteki Civic Centre X506/70, the Controlling Officer cited that the project is complete and all payments have been made. Payment for this project was effected by the Ministry of Economic Planning and Development following a request by this Ministry to do so.**

*Evidence to support the Controlling Officer's assertion was not brought forth, hence it remains uncertain how much was paid. However, according to the Accountant General, the payment of E109,000.00 was never facilitated, and there is no proof from the bank statement and bank instructions for this amount in question.*

## **42 Under Expenditure on Personnel Costs**

I also communicated to the Controlling Officer, through a memorandum referenced H10 Vol. V/20, and dated 25<sup>th</sup> September 2019, that during the audit of the Detailed Statement of Recurrent Expenditure for the financial year ended 31<sup>st</sup> March 2019, I noted an under expenditure of E2,941,599.62 on Personnel Costs.

The table below details the under expenditure on Personnel Costs:

<b>Responsibility Centre</b>	<b>Appropriated budget (E)</b>	<b>Released Budget (E)</b>	<b>Actual Expenditure (E)</b>	<b>Under Expenditure (E)</b>	<b>%</b>
Administration	8,952,114.00	8,665,708.00	5,724,108.38	2,941,599.62	33.9

Under expenditure is a serious concern as the unutilised funds deprive other Government projects or programmes of funds for 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, therefore, consider under expenditures of 10% in a year as not conducive to the development of the country.

**In his response, referenced MHUD3/1/5/2, dated 22<sup>nd</sup> October 2019, the Controlling Officer concurred with my observation, and he stated that the under expenditure was due to the unfilled vacant posts following the retirement and passing away of some of the staff members.**

### **43 Outstanding Payments – Arrears at year end**

I further communicated to the Principal Secretary, through a memorandum referenced H10 Vol. V/21, and dated 26<sup>th</sup> September 2019, that during the audit of the Arrears (Detailed Statement of Liabilities) compiled by the Treasury Department, I noted that the Ministry had outstanding payments amounting to E28,708,142.93 as at 31<sup>st</sup> March 2019. The outstanding payments amounting to E28,468,021.14 were submitted to the Treasury Department for processing and reporting, while invoices and bills amounting to E240,121.79 were held by the Ministry and not submitted to the Treasury Department for payment processing and reporting.

Financial and Accounting Instruction number 0410, stipulates that the Controlling Officer should keep close control on all commitments, and enquiries should be made if a commitment does not become actual expenditure, within a reasonable time. Moreover, all outstanding debts should be reported to the Treasury Department at the end of each financial year in order to have them reported in the Financial Statements.

**In his response dated 18<sup>th</sup> October 2019, the Controlling Officer stated that during the financial year ended 2018/2019 the Ministry managed to process almost all payments. With regards to un-submitted invoices and bills amounting to E240,121.79, he stated that they managed to process all outstanding invoices and bills, except for the few invoices that did not belong to the Ministry, amounting to E566,251.73.**

**The breakdown of such invoices is depicted in the table below:**

<b>Supplier</b>	<b>Invoice</b>	<b>Amount (E)</b>
Manline Investment	1145	409,471.19
Umbango Investment	Retention	6,039.80
Corner Great East	01	148,838.61
Eswatini MTN	Finv – 00006921-19	1,902.13
<b>Total</b>		<b>566,251.73</b>

*This indicates that the data from the Accountant General was not accurate. The Accountant General should reconcile the records with the Ministries and Departments so as to provide an accurate and true reflection of the outstanding payments*

## HEAD 26: NATIONAL FIRE AND EMERGENCY SERVICES

### **44 Audit of the Detailed Statement of Recurrent Expenditure**

An audit of the Detailed Statement of Recurrent Expenditure for the financial year ended 31<sup>st</sup> March 2019 was conducted and my findings were communicated to the Principal Secretary through a memorandum referenced H10 Vol. V/19, and dated 25<sup>th</sup> September 2019. The Controlling Officer responded through a memorandum referenced FS/298, and dated 14<sup>th</sup> October 2019; however, the following issues remain reportable.

#### **44.1 Unauthorised Over Expenditure on Recurrent Vote**

During the audit of the Detailed Statement of Recurrent Expenditure, I observed that there was an over expenditure of E5,921,637.89 on CTA Vehicle Charges and E20,934,385.78 on Personnel Costs, which both amounted to E26,846,996.67 over expenditure on Recurrent Vote. The details of the over expenditures are depicted in the table below:

<b>Responsibility Centre</b>	<b>Appropriated Budget</b>	<b>Released Budget</b>	<b>Actual Expenditure</b>	<b>Over Expenditure</b>	<b>%</b>
	<b>E</b>	<b>E</b>	<b>E</b>	<b>E</b>	
Administration	13,714,203.00	13,713,933.00	15,777,415.00	2,063,482.12	15%
Fire Stations	2,384,637.00	2,384,635.00	6,233,790.77	3,849,155.77	161%
<b>Over Expenditure - CTA Vehicle Charges</b>	16,098,840.00	16,098,568.00	22,011,205.89	<b>5,912,637.89</b>	<b>37%</b>
Administration	17,814,443.00	18,657,772.00	29,291,809.97	<b>10,634,037.97</b>	<b>57%</b>
Fire Stations	36,511,327.00	38,035,108.00	48,335,428.81	<b>10,300,320.81</b>	<b>27%</b>
<b>Over Expenditure - Personnel Costs</b>		56,692,880.00	77,627,238.78	20,934,358.78	37%
<b>Overall</b>				<b>26,846,996.67</b>	

Over expenditures beyond the budget released as appropriated by Parliament are not only unlawful but also result in serious repercussions in 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 in the Treasury Warrants.

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 address the above anomaly or strengthen the internal controls, and the assurance of their effectiveness to eliminate the occurrence of over expenditure on CTA Vehicles Charges and Personnel costs.

In his response the Controlling Officer concurred with my observations of over expenditure on CTA Vehicle Charges and Personnel Costs, and submitted the following causative factors:

**Over expenditure of E20,934,358.78 on Personnel Costs:** the department was granted 105 personnel in the financial year 2016/2017, which upon completion of their training, the personnel were transferred to out-stations where they attracted housing allowance, 20% fireman allowance and overtime allowance in line with the shift system, whereas there was no budget allocation of training positions vs established posts. He further cited that the Fire Department is working hard to ensure this situation is normalised through pegging the aforementioned personnel against a vacancy as and when created within the department. He apologized on behalf of the Department and stated that this issue is beyond its scope, and they hoped that the Ministry of Public Service (MoPS) will consider and create the posts soonest in light of the nature of work undertaken by Fire and Emergency Service personnel as an essential service. Engagements with MoPS have been on-going to try and normalise this situation.

*It is disquieting to note that the Department was granted 105 personnel without creation of posts and budget provision, which resulted to an unauthorised over expenditure of E20.9 million.*

**Over expenditure of E55,912,637.89 on CTA Vehicle Charges** was caused by the nature and activities done, which depends on that particular incident attended and the extended responsibilities given to the department, and specialised appliances for special equipment repairs also uses fuel for the pumps to operate.

#### **45 Outstanding Payments – Arrears at year end: Fire and Emergency Services Department**

I communicated to the Controlling Officer, through a memorandum referenced H10 Vol. V/21, and dated 26<sup>th</sup> September 2019, that during the audit of the Arrears (Detailed Statement of Liabilities) compiled by the Treasury Department, I noted that the Fire and Emergency Services Department had outstanding payments amounting to E41,536.41 as at 31<sup>st</sup> March 2019. These were in respect of invoices and bills which were not submitted to the Treasury Department for payment processing and reporting.

Financial and Accounting Instruction number 0410, states that the Ministry should keep close control on all commitments, and enquiries should be made if a commitment does not become actual expenditure, within a reasonable time. Moreover, all outstanding debts should be reported to the Treasury Department at the end of each financial year in order to have them reported in the Financial Statements.

*There was no response to the above matter. Hence, the Ministry has contravened the Financial Accounting Instruction 0315(ii) which states that the Controlling Officer should respond promptly to audit queries.*

## HEAD 29: MINISTRY OF COMMERCE, INDUSTRY AND TRADE

### 46 Detailed Statement of Recurrent Expenditure

An audit of the Detailed Statement of Recurrent Expenditure for the financial year ended 31<sup>st</sup> March 2019 was conducted and my findings were communicated to the Principal Secretary through a memorandum referenced E31 Vol. III/34, and dated 26<sup>th</sup> September 2019. The Controlling Officer responded through a memorandum referenced MCIT/RQID/20/11/60, and dated 7<sup>th</sup> October 2019, however the following issues remain reportable.

#### 46.1 Unauthorised Over Expenditure on Recurrent Vote

During the audit of the Detailed Statement of Recurrent Expenditure for the financial year ended 31<sup>st</sup> March 2019, I observed that there was over expenditure on CTA Vehicle Charges amounting to E3,914,626.17. The over expenditure is illustrated in the table below:

#### **CTA Vehicle Charges**

<b>Responsibility Centre</b>	<b>Appropriated Budget (E)</b>	<b>Released Budget (E)</b>	<b>Actual Expenditure (E)</b>	<b>Over Expenditure (E)</b>	<b>%</b>
Ministry Administration – 11	4,995,884.00	2,081,984.00	5,981,231.51	3,899,247.51	187
Department of Industry – 14	219,833.00	91,595.00	106,973.66	15,378.66	17
<b>Total</b>				<b>3,914,626.17</b>	

Over expenditure beyond the budget released as appropriated by Parliament is not only unlawful but also results in serious repercussions in 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 in the Treasury Warrants.

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 towards strengthening the internal controls, and the assurance of their effectiveness to eliminate the occurrence of over expenditure on CTA Vehicle Charges.

**The Controlling Officer concurred with my findings, and he provided the following explanations:**

**With regards to CTA Vehicle Charges, the Ministry had established a system to ensure controls and efficiency whereby all cars to be refuelled will require the authorisation from**

the Head of Department and will be allowed to be refuelled once a week. He also mentioned that the released budget allocation for CTA is only 41.6 % of the appropriated budget which is not enough for the fleet of the cars in the Ministry. He further highlighted that the Department of Industry hosted international consultant for the Agric Value Chain which required the Consultants to undertake extensive national consultations, thus resulted in more increased CTA Vehicle Charges.

*The Controlling Officer's effort of establishing a system of controls that would ensure elimination of over expenditure on CTA Vehicle Charges is commended.*

## **46.2 Under Expenditure on Recurrent Vote**

I further noted that the Ministry underspent the released budget in various responsibility centres, which resulted in an under expenditure amounting to E1,160,233.58. The details of the under expenditure are illustrated in the table below:

<b>Responsibility Centre</b>	<b>Expenditure Item</b>	<b>Appropriated Budget (E)</b>	<b>Released Budget (E)</b>	<b>Actual Expenditure (E)</b>	<b>Under Expenditure (E)</b>	<b>%</b>
Minister's Office – 10	CTA Vehicle charges	194,000.00	80,830.00	27,833.08	52,996.92	65.6
Minister's Office -10	Travel, Transport, and Communication	1,237,521.00	1,729,813.00	1,267,670.78	462,142.22	26.7
Department of Trade – 15	Travel, Transport, and Communication	898,771.00	837,894.00	717,675.15	120,218.85	14.3
Cooperatives Development – 20	Consumable Materials and Supplies	1,523,086.00	1,418,812.00	989,050.41	429,761.59	30.3
Intellectual Property – 23	Grants and Subsidies – External	135,000.00	135,000.00	39,886.00	95,114.00	70.5
<b>Total</b>					<b>1,160,233.58</b>	

Under expenditure is a serious concern as the unutilised funds deprive other Government projects or programmes of funds for 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, therefore, consider under expenditures of 10% in a year as not conducive to the development of the country.

**The Controlling Officer explained that the Ministry was faced with a delay in obtaining Authority to commit which caused a delay in the procurement process. He mentioned that when the Ministry obtained the Authority it was almost the end of the financial year and**

**the Treasury Department could not grant authority for accruals. He also informed me that a corrective action is to prepare a procurement plan to monitor all procurement and allow sufficient time to request the Authority to commit.**

*In his response the Controlling Officer did not provide any evidence supporting the cited delay, hence the response is not satisfactory.*

**47 Under expenditure on Capital Project M35599 – Rehabilitation of SEDCO Estates and Head Offices and M35199 – Market Access and Trade Facilitation**

Through a memorandum referenced E31 Vol. III/33, and dated 24<sup>th</sup> September 2019, I communicated to the Controlling Officer that during the audit of the Detailed Statement of Capital Expenditure for the financial year ended 31<sup>st</sup> March 2019, I noted that there was an under expenditure on two Capital Projects amounting to E4,112,349.73. The under expenditure on Project M35599 – Rehabilitation of SEDCO Estates and Head Offices was E3,489,283.00, and E623,066.73 on Project M35199 – Market Access and Trade Facilitation.

The table below depicts the details of the under expenditure on the Capital Projects:

<b>Project Name</b>	<b>Approved Budget (E)</b>	<b>Budget(Funds) Released (E)</b>	<b>Actual Expenditure (E)</b>	<b>Under Expenditure (E)</b>	<b>%</b>
M35599 – Rehabilitation of SEDCO Estates and Head Offices	13,800,000.00	6,900,000.00	3,410,717.00	3 489 283.00	50.6%
M35199 – Market Access and Trade Facilitation	4,280,000.00	2,140,000.00	1,516,933.27	623 066.73	29.1%
<b>Total</b>				<b>4,112,349.73</b>	

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 utilised to finance essential programmes or projects, they would have contributed towards the development and economic growth of the country. I, therefore, consider under expenditures of 10% and above on capital projects in a year as not conducive to the development of the country.

**Pertaining project M3599, the Controlling Officer acknowledged the anomaly and stated that in the previous year the entire budget was transferred to SEDCO, and during the current financial year the Ministry requested SEDCO to submit supporting documents to facilitate the release of funds. However, only some of the documents were obtained, which informed the amount transferred.**

*The Controlling Officer's response is not satisfactory since he did not account for the under-expenditure or explain the cause of the under expenditure.*

**Regarding project M35199, the Controlling Officer explained that the under expenditure was due to a delay in obtaining the Tender Authority for single source which was obtained on the 12<sup>th</sup> February 2019, whilst the Treasury Department issued Circular 2 of 2018/2019. The circular was informing all departments about a closing date for the submission of invoices and that carried forward of budgets would not be allowed. He mentioned that the Ministry had foreseen the time limit hence requested for accruals in a memorandum dated 29<sup>th</sup> January 2019.**

*The response of the Controlling Officers is appreciated. However, it is incomplete as he has not explained the date of the single source procurement request which resulted in obtaining the Authority on the 12<sup>th</sup> February 2019. Moreover, no corrective actions were provided.*

#### **48 Outstanding Payments – Arrears at year end**

I also communicated to the Controlling Officer, through a memorandum referenced E31 Vol. III/34, and dated 26<sup>th</sup> September 2019, that during the audit of the Arrears (Detailed Statement of Liabilities) compiled by the Treasury Department, I noted that the Ministry had outstanding payments amounting to E22,488,286.34 as at 31<sup>st</sup> March 2019. The outstanding payments amounting to E17,270,931.50 were submitted to the Treasury Department for processing and reporting, while invoices and bills amounting to E5,217,354.84 were held by the Ministry and not submitted to the Treasury Department for payment processing and reporting.

Financial and Accounting Instruction number 0410, states that the Ministry should keep close control on all commitments, and enquiries should be made if a commitment does not become actual expenditure, within a reasonable time. Moreover, all outstanding debts should be reported to the Treasury Department at the end of each financial year in order to have them reported in the Financial Statements.

**In his response referenced MCIT/RQID/20/11/60, the Controlling Officer stated that the Ministry had checked all the payments and found no outstanding payments. The Ministry requested guidance from my office on this matter.**

*The Controlling Officer was advised to liaise with the Accountant General concerning the outstanding payments and reconcile the Ministry's records with the records maintained by the Accountant General.*

#### **49 Irrecoverable Outstanding Revenue**

I further communicated to the Controlling Officer through a memorandum referenced A2/18/19/35, and dated 22<sup>nd</sup> September 2019 that the Consolidated Statement of Outstanding Revenue as at 31<sup>st</sup> March 2019, shows irrecoverable debt amount of E6,836,093.20, which was also disclosed in the notes. These debts are from the year ended 31<sup>st</sup> March 2016, and have been outstanding for a period of over four (4) years, without being recovered by the Ministry. An extract of the debts from the Consolidated Statement of Outstanding Revenue is illustrated in the following table.

<b>Ministry</b>	<b>Balance For 2015/2016</b>	<b>Balance For 2016/2017</b>	<b>Balance For 2017/2018</b>	<b>Outstanding Balance 2018/2019</b>
Overdue outstanding revenue	<b>E</b>	<b>E</b>	<b>E</b>	<b>E</b>
Ministry of Enterprise & Employment	4,274,957.90	4,274,957.90	4,274,957.90	4,274,957.90
Commerce, Industry and Trade	2,561,135.30	2,561,135.30	2,561,135.30	2,561,135.30
<b>Total</b>	<b>6,836,093.20</b>	<b>6,836,093.20</b>	<b>6,836,093.20</b>	<b>6,836,093.20</b>

I am concerned that the Ministry is not prioritizing to recover the outstanding revenue, and I am not aware of any action undertaken towards recovering these debts that have been outstanding over a period of four (4) years. The outstanding revenue should be recovered promptly and should not be written off until all efforts and possible measures have been exhausted.

**The Controlling Officer explained that the outstanding revenue is in respect of the arrears of trading licence revenue which is paid by business owners. He further highlighted that many Eswatini businesses are facing closure, thus the reason they do not renew their licences.**

*The response was noted but Controlling Officer did not provide an action plan of bringing the matter to rest, hence I am not satisfied with the response.*

## HEAD 30: MINISTRY OF EDUCATION AND TRAINING

### **50 Unauthorised Over Expenditure on Recurrent Vote**

Through a memorandum referenced E70 Vol XI/29, and dated 24<sup>th</sup> September 2019, I brought to the attention of the Controlling Officer that during the audit of the Detailed Statement of Recurrent Expenditure, I observed an over expenditure on Personnel Costs amounting to E376,301,301.63 on Recurrent Vote.

The details of the over expenditure are depicted below.

Item	Released Budget (E)	Actual Expenditure (E)	Over Expenditure (E)	Over Expenditure (%)
01 Personnel Costs	2,434,147,294.00	2,811,055,595.63	376,908,301.63	15%

Over expenditure beyond the budget released as appropriated by Parliament is not only unlawful but also results in serious repercussions in 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 in the Treasury Warrants.

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 over expenditure on Personnel Costs.

### **51 Non-utilisation of Funds on Project E42599 – Procurement of Teaching and Learning Material for Special Education**

I also communicated to the Principal Secretary, through a memorandum referenced E7 Vol. XI/29, and dated 24<sup>th</sup> September 2019, that during the audit of the Detailed Statement of Capital Expenditure for the financial year ended 31<sup>st</sup> March 2019, I observed that there was non-utilisation of Capital Project Funds amounting to E2,000,000.00, which were appropriated by Parliament. The entire released budget was not utilised, resulting in non-utilisation of 100% in the project. This project was not implemented by the Ministry despite that the budget was approved and released. Hence, improvement of the lives of the citizens and/or country's economic growth through the development of its communities was delayed.

The details of non-utilisation of released funds are depicted below:

<b>Project Name</b>	<b>Approved Estimate (E)</b>	<b>Revised Provision (E)</b>	<b>Funds Released (E)</b>	<b>Actual Expenditure (E)</b>	<b>Non-utilisation</b>
E42599 – Procurement of Teaching and Learning Material for Special Education	4,000,000.00	4,000,000.00	2,000,000.00	-	2,000,000.00

The project may become expensive to complete, due to the non-implementation.

*There was no response with reference to the above matter. Hence, the Ministry has violated the Financial Accounting Instruction 0315 (ii) which requires that the Controlling Officer should respond promptly to audit queries.*

## **52 Outstanding Payments – Arrears at year end**

I further communicated to the Controlling Officer, through a memorandum referenced E70 Vol. XI/32 and dated 26<sup>th</sup> September 2019, that during the audit of the Arrears (Detailed Statement of Liabilities) compiled by the Treasury Department, I noted that the Ministry had outstanding payments with a total amount of E136,598,221.10 as at 31<sup>st</sup> March 2019. The outstanding payments of E105,536,073.02 were submitted to the Treasury Department for processing and reporting, while invoices and bills amounting to E31,062,148.08 were held by the Ministry and not submitted to the Treasury Department for payment processing and reporting.

Financial and Accounting Instruction number 0410 requires that the Ministry should keep close control on all commitments, and enquiries should be made if a commitment does not become actual expenditure, within a reasonable time. Moreover, all outstanding debts should be reported to the Treasury Department at the end of each financial year in order to have them reported in the Financial Statements.

*There was no response with reference to the above matter. Hence, the Ministry has contravened the Financial and Accounting Instruction 0315 (ii) which states that the Controlling Officer should respond promptly to audit queries.*

## HEAD 34: MINISTRY OF FINANCE

### 53 Under Expenditure on Recurrent Vote

I drew the attention of the Controlling Officer, through a memorandum referenced A2/18/19/32 and dated 19<sup>th</sup> September 2019 to the fact that, under expenditure amounting to E12,416,881.32 was incurred on Professional Services, Rentals, and Durables under the Ministry Administration. The details of the under expenditure are shown in the table below:

Item	Approved Estimate (E)	Released Funds (E)	Actual Expenditure (E)	Under Expenditure (E)	%
04 Professional Services	16,069,461.00	16,069,458.00	4,077,042.08	11,992,415.92	75%
05 Rentals (Land, Buildings)	800,000.00	600,000.00	319,482.06	280,517.94	47%
07 Durable Material and Equipment	288,000.00	288,000.00	144,052.54	143,947.46	50%
<b>Total</b>				<b>12,416,881.32</b>	

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

### 54 Outstanding Payments – Arrears at year end

I also communicated to the Principal Secretary, through a memorandum referenced F13 Vol. VIII/13, that during the audit of the Arrears (Detailed Statement of Liabilities) compiled by the Treasury Department, I noted that the Ministry had outstanding payments amounting to E72,927,017.72 as at 31<sup>st</sup> March 2019. Outstanding payments amounting to E72,806,515.93 were submitted to the Treasury Department for processing and reporting, while invoices and bills amounting to E120,501.79 were held by the Ministry and not submitted to the Treasury Department for payment processing and reporting.

Financial and Accounting Instruction number 0410 requires that the Ministry should keep close control on all commitments, and enquiries should be made if a commitment does not become actual expenditure, within a reasonable time. Moreover, all outstanding debts should be reported to the Treasury Department at the end of each financial year in order to have them reported in the Financial Statements.

## **55 Unauthorised Expenditure and Unaudited Subventions to Public Enterprises**

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 and/or on activities that have no budget provision by Parliament, and to incur expenditure without seeking approval from the relevant authorities. As such, I observed that in the year under review, there was an over expenditure of E1,130,181,076.00 incurred in excess of the recurrent expenditure released budget of E15,284,926,429.00. A worse scenario was the incurring of unauthorised expenditure amounting to E31,808,579.80, which was spent without following any budget line in the Estimates Book. The Recurrent Operations reflects significant over expenditures incurred on CTA Vehicles Charges of E279,893,045.46 (88%); Personnel Costs overspent by E822,383,332.60 (12%); Rentals including land, buildings and computer equipment overspent by E10,411,337.85 (4%); and Public Debt overspent by E14,187,338.35 (2%).

It is disquieting to observe such significant over expenditures, unauthorised expenditure, and unaudited public funds to Public Enterprises, while the country is faced with fiscal challenges.

The following table depicted the details of the over expenditures, unauthorised expenditure, under expenditures, non-utilisation of released budget, as well as the unaudited public funds (subvention) to public enterprises:

<b>Anomalies</b>	<b>Recurrent Operations (E)</b>	<b>Capital Operations (E)</b>	<b>Total (E)</b>
Unauthorised Over expenditure	1,130,181,076.00	22,369,894.95	1,152,550,970.95
Unauthorised Expenditure	31,808,579.80	-	31,808,579.80
Under Expenditure	285,520,193.00	231,468,079.95	516,988,272.95
Non-utilisation of Released Funds	1,447,716.00	65,102,632.00	66,550,348.00
Unaudited funds released to Public Enterprises	848,047,169.00	-	848,047,169.00

Over expenditures are not only unlawful but also result in serious repercussions in the entire fiscal budget (position). In view of the notable reductions in revenue collections, unauthorised expenditures (over expenditures) should be discouraged.

Moreover, I noted that there were issues of deficiencies in budgetary controls, non-compliance with laws and regulations, and lack of adherence to budgetary requirements and spending authorities. An example of such, is the operation of Central Transport Administration (CTA) Trading Account as an "account without budget limit" which allows the department to spend public funds without following the formal

budgetary requirements and spending authorities. As a result, in the financial year ended 31<sup>st</sup> March 2019, an amount of E602,196,943.46 was spent by the CTA without distinct approved budget, appropriated by Parliament, in the Budget Estimates Book.

**In his response, the Controlling Officer noted with concern as a serious anomaly for public funds to be utilized and remain unaudited. He stated that the funds for the enterprises are budgeted for and released to their respective Ministries for disbursement to the enterprises; the Treasury Department executes the budget on their behalf. As per the PFM Act, 2017 section 104 (a) the mandate of auditing public enterprises lies with the Office of the Auditor General.**

**Regarding unauthorised expenditure, the Controlling Officer stated that budgetary control enforcement is the responsibility of the Controlling Officers in the Ministries concerned, since Warrants to incur expenditure are issued to them.**

**With regard to deficiencies in budgetary controls and example of no budget appropriation for the CTA Operations, the Controlling Officer stated that CTA is a Public Enterprise and its budget is prepared (undertaken) by the board of directors. It is operating under the Motor Vehicle Fund Act.**

*The deficiencies in budgetary controls remains a serious concern. The Ministry of Finance should regulate the implementation of budget and instill stringent internal controls.*

*I disagree with the Accountant General that CTA is a Public Enterprise and its budget is prepared by the board of directors. I am not aware of any instrument that pronounced CTA as a Public Enterprise and/or that appointed CTA board of directors.*

## **HEAD 35: TREASURY AND STORES**

### **56 Audit of Government Consolidated Accounts (Financial Statements)**

An audit of the Government Consolidated Accounts (Financial Statements) for the financial year ended 31st March 2019 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 a memorandum referenced 022/001/AR, dated 8<sup>th</sup> October 2019.

#### **56.1 Reporting Framework**

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 to this matter. However, I emphasize that as from 2019, Consolidated Annual Accounts of the Government of the Kingdom of Eswatini should have been prepared in accordance with International Public Sector Accounting Standards (IPSASs) as required in Section 10 (1) (c) of the Public Finance Management Act, 2017.

**In his response, the Controlling Officer stated that the adoption of IPSAS is an exercise that has a couple of stages to accomplish. Currently, the department was reconciling the accounts balances that would be imported to IFMIS for accuracy purposes. He further mentioned that the technical mission from IMF had been engaged to assist with the drafting of IPSAS road map in preparation for the adoption of IPSAS. Moreover, the Public Finance Management Act, 2017 section 84 (3) states that IPSAS will be adopted after the Minister for Finance has promulgated the move, therefore we are still undertaking protocols.**

### **57 Detailed Statement of Revenue**

An audit of the Detailed Statement of Revenue for the financial year ended 31st March 2019 was conducted and the following findings were communicated to the Accountant General and Principal Secretary for the Ministry of Finance through a memorandum referenced A2/2018/2019/7, dated 18<sup>th</sup> September 2019. The Commissioner General responded through a letter referenced SRA3/2/2/1 dated 3<sup>rd</sup> October 2019, and the Accountant General responded through a memorandum referenced TR/17/18/FIN STAT dated 30 September 2019.

## 57.1 Omission of Revenue

Revenue Recovery from Scholarship Loans amounting to E48,984,218.49 was not recognised as revenue in the Detailed Statement of Revenue. This collection was deposited at Standard bank and First National Bank, with total collections amounting to E48,525,314.77 and E458,903.72 respectively.

The entire collections of Recovery Scholarship Loans were not transferred into the General Bank Account. Hence, the accumulated collections amounted to E60,668,148.06, as at 31<sup>st</sup> March 2019; total collections held at Standard Bank were E58,827,047.36 and E1,841,098.70 was held at First National Bank.

**In his response, the Controlling Officer stated that the Scholarship Recovery Loan collection amounting to E60,668,148.06 held at Standard Bank and First National bank could not be recognized as revenue since they are currently reporting on a cash basis, and revenue is recognised once it has been received in the Government account. The scholarship funds have not been transferred to the General Bank Account, as the Ministry intended to operate a scholarship revolving fund. However, the funds were then transferred to the General Bank Account in the financial year 2019/2020, after being advised that funds must be deposited into Government coffers for appropriation before utilisation.**

## 57.2 Unexplained Reduction in Recurrent Revenue

A significant decline of E2,203,702,687.71 in the collection of some revenue items was noted, while other revenue lines had nil collections despite being active in revenue generation in previous years.

Comparison of the current fiscal period and the previous fiscal period ended 31<sup>st</sup> March 2019 is illustrated in the table below.

Revenue Type	Current year Collections	Prior Year Collections	Decrease	Percentage decrease (%)	Management Responses
	2019	2018			
	(E)	(E)	(E)		
Customs Union Revenue	5,843,952,484.00	7,108,733,424.00	1,264,780,940.00	18%	The decline in SACU revenue was the lower outturn on the SACU common revenue pool and the slow growth of Eswatini's intra SACU imports.
Non-Resident Tax Interest	0	170,383.00	170,383.00	100%	Collections from these revenue lines were reported under Withholding tax Non –resident supplier's goods & services. A split of the revenue lines will be revised and implemented.
Non-Resident-Contractors	0	1,281,130.00	1,281,130.00	100%	Collections from these revenue lines were reported under Withholding tax Non –resident supplier's goods &

Revenue Type	Current year Collections	Prior Year Collections	Decrease	Percentage decrease (%)	Management Responses
	2019	2018			
	(E)	(E)	(E)		
					services. A split of the revenue lines will be revised and implemented
Value Added Tax	2,649,911,924.52	3,582,880,309.00	932,968,384.48	26%	The figure for 2018 included refunds whereas the collection for the year 2019 was net of refunds.
Visa Fees	1,552,207.34	5,226,124.36	3,673,917.02	70%	There were many meetings which required visas in 2018 compared to 2019
Broadcasting and Advertising Fees	1,712,608.60	2,359,021.81	646,413.21	27%	Some revenue was collected from corporate clients who had informational and promotional shows. However, these were suspended indefinitely as they were inconsistent with Eswatini Communications Commission (ESCCOM) regulations regarding broadcasting.
Cross Border Permit	820,740.00	1,002,260.00	181,520.00	18%	There was a decrease in the influx of applicants for ad-hoc permit, hence the reduction in revenue collected.
<b>Total</b>			<b>2,203,702,687.71</b>		

## **58 Detailed Statement of Assets**

An audit of the Detailed Statement of Assets for the financial year ended 31st March 2019 was conducted and the following findings were communicated to the Accountant General and Principal Secretary for the Ministry of Finance through a memorandum referenced A2/2018/19, dated 20<sup>th</sup> September 2019. The Accountant General responded through a memorandum referenced TR/17/18/FIN STAT, dated 30 September 2019.

### **58.1 Misstatements of bank balances**

I reported that bank balances, as per the bank statements from the Central Bank of Eswatini, did not tally with the balances as per the Cash Book (Government Accounting System). There was no reconciliation of the balances performed to reconcile the differences between the balances as per cash book and the bank statements obtained from the Central Bank of Eswatini. Hence, these bank balances are misstated by E124,131,554.20 in the Detailed Statement of Assets as at 31<sup>st</sup> March 2019. Some bank balances were understated by E16,682,280.78 while other bank balances were overstated by E107,449,273.42 in the Detailed Statement of Assets.

The details of the understated and overstated bank balances are depicted below:

**(i) Understated Bank Balances**

The total amount of understated bank balances is E16,682,280.78 as shown in the following table.

<b>Account number (Cash Book)</b>	<b>Description</b>	<b>Bank account number (Bank Statement)</b>	<b>Amounts as per Detailed Statement of Assets (E)</b>	<b>Amounts as per Bank Statement (E)</b>	<b>Understated Bank Balances (E)</b>
52126	Chinese Grant Investments	100016206592	47,832,381.48	63,829,696.77	15,997,315.29
52276	Electronic Document & Record Mngt System Dollar	100016211241	490,061.51	584,662.57	94,601.06
52323	Swd Govt Manzini-Mbadlane Grant Account	100016211233	2,146,348.12	2,501,889.43	355,541.31
52322	Swd Govt Manzini-Mbadlane Loan Account	100016211231	916,981.38	1,151,804.50	234,823.12
<b>Total</b>					<b>16,682,280.78</b>

**(ii) Overstated Bank Balances**

The total amount of overstated bank balances is E107,449,273.42 as shown in the following table.

<b>Account number (Cash book)</b>	<b>Description</b>	<b>Bank Account Number (Bank Statement)</b>	<b>Amounts per detailed statement of assets (E)</b>	<b>Amounts as per bank statements (E)</b>	<b>Difference (E)</b>
50101	General Account	100016206501	71,760,158.37	4,999,001.73	66,761,156.64
50102	Salaries Account	100016206502	496,446.29	420,585.33	75,860.96
50110	Embassy Bank Account		93,867,682.70	93,307,868.26	559,814.44
52102	Guardians Fund Investment	100016207016	211,950,159.40	176,647,648.09	35,302,511.31
52168	Special Revolving Fund Investment	100016206544	2,565,500.00	357.10	2,565,142.90
52235	Health HIV / AIDS & TB Component 3 Account (USD)	100016211224	2,227,691.61	47,168.92	2,180,522.69

Account number (Cash book)	Description	Bank Account Number (Bank Statement)	Amounts per detailed statement of assets (E)	Amounts as per bank statements (E)	Difference (E)
52116	Ngwane Park Township	77019106610	202,517.09	198,252.61	4,264.48
<b>Total bank balances which are overstated</b>					<b>107,449,273.42</b>

The misstatement of these bank balances was a result of non-reconciliation of the Cash Book with Bank Statements, and will result in misinformed decision making by users of the Financial Statements.

This contravenes the Financial and Accounting Instruction number 0303, which requires that a monthly statement of each bank account should be obtained from the bank and be reconciled with the relevant cash book.

I recommended that Accountant General should provide a reconciliation statement that reconciles the balances as per Cash Book (Detailed Statement of Assets) and the balances as per Bank Statements.

**In his response, the Controlling Officer stated that the issue of these bank accounts not balancing with the cashbook is the updating of the past seven (7) years' balances which are voluminous and have an impact on the current balances, whereas the current bank balances reconcile with the cashbook.**

## **58.2 Undisclosed Bank Balance**

A closing bank balance amounting to E977,358,482.61 for I.M.F. Special Drawings Rights Account was not disclosed in the Detailed Statement of Assets. The account was also not captured or recorded in the Government Accounting System (Cash Book). This has resulted in an understatement of bank balances in the Detailed Statement of Assets.

I recommended that the Detailed Statement of Assets should be corrected to include the I.M.F. Special Drawings Rights Account, and this asset should be recognised in the books of accounts.

**In his response, the Controlling Officer cited that the I.M.F Special Drawing Right Account can either be an asset or a liability in the books of account at Central Bank. As a result, the department receives a fully audited financial statement from the institution showing the financial relationship between I.M.F and the Government. Currently, under Generally Accepted Accounting Principles (GAAP) reporting framework, the activity is correctly disclosed separately as Appendix 36.**

*I am not satisfied with the Controlling Officer's response as I am not in agreement with the assertion that a separate disclosure of Bank Balances is a requirement by GAAP.*

### **58.3 Misclassification of Assets**

Assets amounting to E1,954,593.78 were incorrectly classified as liabilities in the Detailed Statement of Liabilities. These bank balances were reported as overdrawn bank accounts whereas bank statements showed that the accounts had positive balances as at the year end. There were no reconciliations, of these accounts, prepared by the Accountant General reconciling the Bank Statement balances to the Cash Book balances. The table below shows the details of the misclassified assets:

<b>Cash book</b>	<b>Description</b>	<b>Bank Statement (E)</b>
52206	Community Poverty Reduction – Revolving	1,936,238.80
50117	Fuel Tax Special Account	18,354.98
<b>Total</b>		<b>1,954,593.78</b>

The misclassification of the accounts has understated assets by E1,954,593.78.

I recommended that the bank balances should be classified as assets; and all accounts should be promptly reconciled to ensure correct classification of account balances in the Financial Statements.

**In his response, the Controlling Officer stated that these balances had been reported as assets in the previous years since they had bank balances until recently, where they had to be reclassified into liabilities due to reconciliation backlog. They will be restated when fully reconciled.**

### **59 Detailed Statement of Liabilities**

An audit of the Detailed Statement of Liabilities for the financial year ended 31st March 2019 was conducted and the following findings were communicated to the Accountant General and Principal Secretary for the Ministry of Finance through memoranda referenced A2/2018/19/15, dated 19<sup>th</sup> September 2019 and A2/18/19/34, dated 25<sup>th</sup> September 2019. The Accountant General responded through a memorandum referenced 022/001/AR, dated 8<sup>th</sup> October 2019.

## **59.1 Misstatements of Liability Balances**

Liability balances were misstated by E490,462,912.33 in the Financial Statements, due to non-reconciliation. Overstated liability account balances amounted to E403,077,663.94, while understated liability account balances amounted to E87,385,248.39. The details of the misstatements of liability balances are depicted in the tables below:

<b>Cash book</b>	<b>Description</b>	<b>Detailed Statement of Liabilities</b>	<b>Bank Statement</b>	<b>Overstated (E)</b>
62137	Recovery for Meridian Bank Debtors	704,207.88	0.00	704,207.88
62116	Ngwane Park Township	202,517.09	198,252.61	4,264.48
62103	Fairview Township	77,871.30	76,620.20	1,251.10
52206	Community Poverty Reduction – Revolving	6,497,326.28	1,936,238.80	8,433,565.08
50105	South African Serve Bank	92,095,673.78	0.00	92,095,673.78
50117	Fuel Tax Special Account	301,820,346.64	18,354.98	301,838,701.62
<b>Total</b>				<b>403,077,663.94</b>

<b>Cash book</b>	<b>Description</b>	<b>Detailed Statement of Liabilities</b>	<b>Bank Statement</b>	<b>Understated (E)</b>
62126	Chinese Grant Fund	48,377,671.35	63,829,696.77	15,452,025.42
62102	Guardian Fund	104,714,425.12	176,647,648.09	71,933,222.97
<b>Total</b>				<b>87,385,248.39</b>

**In his response, the Controlling Officer stated that the misstatements of Liability Balances of E490,462,912.33 are being reconciled and the process is very slow due to unavailability of bank statements dating back to seven (7) years.**

## **59.2 Misstated Special Fund**

A special fund account captured as “recovery for Meridian Bank debtors” was misstated in the Financial Statements by E704,207.88. This account was shown as a liability in the Detailed Statement of Liabilities, whereas, the bank statement showed a nil balance. The liability is captured under item 52137 and responsibility centre number 2115 in the Cash Book. There were no other supporting documents for this liability balance. Due to this misstatement, the Liabilities are overstated by E704,207.88 in the Financial Statements.

I recommended that Accountant General should provide supporting source documents for the liability.

**In his response, the Controlling Officer concurred with my findings and highlighted that this emanates from the issue of unreconciled cashbook balances. A bank statement dating June 2011 in relation to this transaction reflects a zero balance.**

### **59.3 Unsupported Liabilities**

Liabilities amounting to E1,931,478,131.41 presented in the Detailed Statement of Liabilities were not supported with source documentation that could confirm their existence. The issue of unsupported Liabilities was raised in my previous Audit Report. Effort to trace the existence of these debts and to ascertain the supporting documentation of these Liabilities is not known. The following table shows the list of the unsupported liabilities.

<b>Code</b>	<b>Description</b>	<b>Amount (E)</b>
61201	Customs-Duty	8,559.17
61202	Customs-Duty Part 2B (Imported Goods)	1,482,106.03
62501	Reserves – CBS	1,118,368,520.15
62502	Government Bond (African Alliance)	236,777,919.52
50105	South African Reserve Bank	92,095,673.78
50106	Maputo Revenue Account	144,794,977.58
51204	Pensions	6,750,000.00
52115	CBS Unrealised Gains	313,976,908.28
52134	Government Bond (African Alliance)	17,223,466.90
<b>Total</b>		<b>1,931,478,131.41</b>

**In his response, the Controlling Officer stated that the transactions from the bank accounts complete the double entry to the assets are captured as credits in the cashbook (liabilities).**

### **59.4 Undisclosed Arrears**

Arrears amounting to E3,194,134,221.91 have not been disclosed in the Detailed Statement of Liabilities. It was observed that Ministries and Departments submitted payments for processing to Treasury Department during the financial year under review, which were subsequently not processed due to cash flow challenges. As a result, arrears for the financial year ended 31st March 2019 amounted to E1,810,458,400.06 while the previous financial year arrears amounted to E430,504,704.82. An increase of E1,379,953,695.24 (321%) in the arrears was noted.

Heads	Ministry/Department	Un-submitted Invoices (E)	Submitted Invoices (E)	Total (E)
02	Parliament	86,817.13	6,416,234.34	6,503,051.47
03	Private and Cabinet Offices	396,602.62	3,214,682.70	3,611,285.32
04	Ministry of Tourism & Environmental Affairs	209,813.12	-	209,813.12
05	Police	201,538,536.21	9,545,221.59	211,083,757.80
06	Deputy Prime Minister's Office	3,553,793.66	31,674,060.00	35,227,853.66
07	Ministry of Foreign Affairs and International Cooperation	106,466.96	40,560,726.61	40,667,193.57
08	Ministry of Defence	4,709,916.07	66,393,267.42	71,103,183.49
09	Ministry of Tinkhundla Administration and Development	14,260,088.70	43,078,327.00	57,338,415.70
10	Ministry of Natural Resources and Energy	216,796,504.55	48,815,941.86	265,612,446.41
15	Geological Surveys, Minerals and Mines Departments	289,339.34	-	289,339.34
20	Ministry of Agriculture	73,193,599.95	54,971,335.96	128,164,935.91
23	Ministry of Economic Planning and Development	99,237,380.64	192,411,158.39	291,648,539.03
24	Ministry of Housing and Urban Development	240,121.79	28,468,021.14	28,708,142.93
26	Fire and Emergency Services	41,536.41	-	41,536.41
29	Ministry of Commerce, Industry and Trade	5,217,354.84	17,270,931.50	22,488,286.34
30	Ministry of Education and Training	31,062,148.08	105,536,073.02	136,598,221.10
34	Ministry of Finance	120,501.79	72,806,515.93	72,927,017.72
35	Treasury and Stores	5,231,383.25	1,235,235.26	6,466,618.51
38	Internal Audit	164,251.72	-	164,251.72
40	Ministry of Labour and Social Security	1,425,752.47	9,998,036.41	11,423,788.88
41	Ministry of Public Service	15,469,096.71	8,380,693.00	23,849,789.71
43	Ministry of Information, Communication and Technology	112,191,778.38	117,755,995.16	229,947,773.54
44	Elections and Boundaries Commission	194,611.42	24,680,745.68	24,875,357.10
45	Ministry of Healthy	227,328,291.25	58,651,532.84	285,979,824.09
46	Ministry of Justice and Constitutional Affairs	4,119,268.85	676,000.48	4,795,269.33
47	Anti-Corruption Commission	366,044.79	700,399.79	1,066,444.58
48	Judiciary	2,776,413.94	3,684,321.13	6,460,735.07
49	Correctional Services	4,719,108.87	10,215,884.98	14,934,993.85
50	Ministry of Home Affairs	81,021,110.28	-	81,021,110.28
53	Ministry of Public Works and Transport	246,530,262.15	262,739,754.85	509,270,017.00
56	Ministry of Sports, Culture and Youth Affairs	5,902,865.07	3,500,000.00	9,402,865.07
91	Central Transport Administration (CTA)	25,175,060.84	77,135,323.98	102,310,384.82
	<b>Unclassified Outstanding Payments</b>	-	<b>509,941,979.04</b>	<b>509,941,979.04</b>
	<b>Grand Total</b>	<b>1,383,675,821.85</b>	<b>1,810,458,400.06</b>	<b>3,194,134,221.91</b>

The non-disclosure of the arrears has understated total liabilities in the Financial Statements.

I recommended that the Treasury Department should develop a system that will enforce all Controlling Officers to report monthly all unpaid invoices and arrears at the end of the financial year, 31<sup>st</sup> March, to the Accountant General and Principal Secretary of the Ministry of Finance. The Accountant General should ensure that all Government arrears are disclosed in the Financial Statements.

**In his response through a memorandum referenced 022/001/AR, dated 25<sup>th</sup> October 2019, the Controlling Officer stated that the reporting framework is on cash basis, therefore the arrears are disclosed as notes in the Detailed Statement of Liabilities.**

## **60 Misstatement of Capital Expenditure and Consolidated Fund**

I communicated to the Accountant General that there was misstatement of Capital Expenditure in the Statement of Surplus and Deficit, and undisclosed Capital Expenditure in Detailed Statement of Capital Expenditure, for the financial year ended 31<sup>st</sup> March 2019.

### **(i) Misclassification of Capital Expenditure Items**

Foreign capital expenditure amounting to E19,176,179.99 was erroneously classified as local capital expenditure in the Statement of Receipts and Payments and Statement of Surplus and Deficit. This error resulted in an overstatement of Local Capital Expenditure and Consolidated Fund – deficit by the same figure of E19,176,179.99. The expenditure consists of Strategic Reverse Fuel Depot amounting to E18,093,527.29 and Fuel Marking and Quality Assurance amounting to E1,082,652.70. Furthermore, a payment amounting to E635,366.53 for Strategic Reserve Fuel Depot was erroneously captured as Procurement of Ambulance.

### **(ii) Not accounted for Capital Expenditure: Undisclosed Capital Expenditure**

I further observed that Capital Expenditure amounting to E127,552,344.40 was not captured into the Government Accounting System, and was neither accounted for by the Accountant General; hence, these capital project expenditures were omitted from Financial Statements for the financial year 2018/2019. As such, the Statement of Detailed Capital Expenditure did not reflect a true picture of all funds received and disbursed in the financial year under review. The details of unaccounted for capital project expenditures are depicted in the table below:

<b>Project number</b>	<b>Project Description/Activity</b>	<b>Payment Date</b>	<b>Amount paid (E)</b>
<b><i>Head 10 – Ministry of Natural Resources and Energy</i></b>			
F026/86	Rehabilitation of DWA Laboratory-Eswatini National Petroleum Subvention	18 <sup>th</sup> December 2018	1,270,000.00
F026/86	Rehabilitation of DWA Laboratory-CTCI Corporation Phase 1, Review and update of existing preliminary designs and detailed estimates withholding tax to Eswatini Revenue Authority	13 <sup>th</sup> March 2019	1,012,027.69
F026/86	Rehabilitation of DWA Laboratory-CTCI Corporation. Phase 1, Review and update of existing preliminary designs and detailed estimates	14 <sup>th</sup> March 2019	9,175,914.90
F026/86	Rehabilitation of DWA Laboratory-CTCI Corporation. Phase 1, Review and update of existing preliminary designs and detailed estimates withholding tax to Eswatini Revenue Authority.	28 <sup>th</sup> March 2019	432,240.62
F026/86	Rehabilitation of DWA Laboratory-CTCI Corporation. Phase 1, Review and update of Existing preliminary designs and detailed estimates.	Initiated on 14 <sup>th</sup> March 2019	3,890,165.62
X461/99	Rehabilitation of DWA Laboratory		584,525.78
<b><i>Head 24 – Ministry of Housing and Urban Development</i></b>			
X504/70	Procurement of Basic Solid Waste Management Plant		5,070,000.00
X507/70	Manzini Autism Rehabilitation and Respite		635,456.43
X506/70	Siteki Civic Centre		109,000.00
<b><i>Head 43 Ministry of Information, Communication and Technology</i></b>			
G557/70	Development of a Document Management System		3,949,639.44
<b><i>HEAD 45 Ministry of Health</i></b>			
H33070	Rehabilitation of Mbabane Government Hospital		101,423,373.94
<b>Total</b>			<b>127,552,344.40</b>

## **61 Audit of Central Transport Administration (CTA) Trading Account**

An audit of the Central Transport Administration (CTA) Trading Account for the financial year ended 31<sup>st</sup> March 2019 was conducted and the following findings were communicated to the Accountant General and Principal Secretary for the Ministry of Finance.

### **61.1 No Budget Appropriation for CTA Operations**

I observed once again that the operations of the Central Transport Administration (CTA) Trading Account are funded directly from the Government General Bank Account without budget limit or restriction. Over the years, there has been no budget appropriation for the CTA Operations, and public funds are spent without following the formal budgetary requirements and spending authorities. As a result, in the Financial year ended 31<sup>st</sup> March 2019, an amount of E602,196,943.46 was spent by the CTA without a formal and clearly approved budget in the Budget Estimates Book, which is approved by Parliament. All the expenditure incurred by CTA Trading Account was not approved or the used public funds were not appropriated by Parliament.

**The Controlling Officer responded through a memorandum referenced 022/001/AR, dated 8<sup>th</sup> October 2019, concurred with the finding on the "No Budget Appropriation for CTA".**

## **62 Audit of Consolidated Statement of Outstanding Revenue - Appendix 15**

### **62.1 Irrecoverable Outstanding Revenue**

I communicated to the Controlling Officer, that the Consolidated Statement of Outstanding Revenue as at 31<sup>st</sup> March 2019, shows irrecoverable debts of E10,900,813.19, which was also disclosed in the notes. These debts are from the financial year ended 31<sup>st</sup> March 2016, and have been outstanding for a period of over four (4) years, without being recovered by the Ministries and Departments. An extract of the debts from the Consolidated Statement of Outstanding Revenue is illustrated in the following table:

<b>Ministry or Department</b>	<b>Balance for 2015/2016</b>	<b>Balance for 2016/2017</b>	<b>Balance for 2017/2018</b>	<b>Outstanding Balance 2018/2019</b>
	<b>E</b>	<b>E</b>	<b>E</b>	<b>E</b>
Regional Revenue Office – Manzini	1,394,284.50	1,394,284.50	1,394,284.50	1,394,284.50

Regional Revenue Office – Mbabane	1,086,789.55	1,086,789.55	1,086,789.55	1,086,789.55
Regional Revenue Office – Nhlanguano	229,953.50	229,953.50	229,953.50	229,953.50
Regional Revenue Office – Piggs Peak	169,247.50	169,247.50	169,247.50	169,247.50
Regional Revenue Office – Siteki	327,941.00	327,941.00	327,941.00	327,941.00
<b>Sub-total: Treasury Department</b>				<b>3,208,216.05</b>
Ministry of Commerce, Industry and Trade	2,561,135.30	2,561,135.30	2,561,135.30	2,561,135.30
Ministry of Enterprise and Employment	4,274,957.90	4,274,957.90	4,274,957.90	4,274,957.90
<b>Sub-total: Ministry of Commerce, Industry and Trade</b>				<b>6,836,093.20</b>
<b>Ministry of Health</b>	<b>410,650.00</b>	<b>410,650.00</b>	<b>410,650.00</b>	<b>410,650.00</b>
<b>His Majesty's Correctional Services</b>	<b>394,385.74</b>	<b>394,385.74</b>	<b>394,385.74</b>	<b>394,385.74</b>
<b>Ministry of Agriculture</b>	<b>51,468.20</b>	<b>51,468.20</b>	<b>51,468.20</b>	<b>51,468.20</b>
<b>Total</b>	<b>10,900,813.19</b>	<b>10,900,813.19</b>	<b>10,900,813.19</b>	<b>10,900,813.19</b>

I am concerned that the responsible Ministries and Departments are not prioritizing to recover the outstanding revenue, and I am not aware of any action undertaken towards recovering the debts that have been outstanding over a period of four (4) years. The outstanding revenue should be recovered promptly and should not be written off until all efforts and possible measures have been exhausted.

**In his response, the Controlling Officer stated that the regional revenue offices' outstanding revenue debt has been reported outstanding for the past periods. The records are untraceable since the preservations of records is only for five (5) years, and the department is considering reporting the outstanding balances to the Losses Committee.**

**The Accountant General further stated that, while there were no comments received on the overdue outstanding revenue from other Ministries, the Controlling Officer from His Majesty's Correctional Services disputed the outstanding revenue amounting to E394,385.74. According to her response, the outstanding debt which amounted to E56,661.70 which was eventually written off as a bad debt as per the PAC recommendation.**

## **63 Operations of Treasury and Stores Department**

### **63.1 Non-utilisation of Budget Funds Released**

During the audit of the Detailed Statement of Recurrent Expenditure for the financial year ended 31st March 2019, I noted that there was non-utilisation of budget funds released on Grants and Subsidies, amounting to E138,795.00. The entire released budget was not utilised, resulting in non-utilisation of 100%, as illustrated in the table below:

<b>Item</b>	<b>Approved Budget</b>	<b>Released Budget</b>	<b>Actual Expenditure</b>	<b>Non-utilisation of Budget Funds</b>	<b>%</b>
<b>Treasury</b>	<b>(E)</b>	<b>(E)</b>	<b>(E)</b>	<b>(E)</b>	
11 Grants and Subsidies	138,795.00	138,795.00	-	138,795.00	100%

Non-utilisation of budget released funds is a serious concern as the unutilised funds deprive other Government projects or programs, of funds for planned development initiatives. Had the funds been accessible and/or used to finance essential programs, they would have contributed towards the development and economic growth of the country.

**In his response, the Controlling Officer stated that the funds under this item were released late in the year and they were insufficient to pay the subscription. The department was unable to make reallocations to cover the shortfall.**

*The response of the Controlling Officer is not satisfactory, and there was no evidence provided to support his assertion.*

### **63.2 Outstanding Payments – Arrears at year end**

I communicated to the Controlling Officer, that during the audit of the Arrears (Detailed Statement of Liabilities), I noted that the Department had outstanding payments amounting to E6,466,618.51 as at 31<sup>st</sup> March 2019. Outstanding payments amounting to E1,235,235.26 were submitted for processing and reporting, while invoices and bills amounting to E5,231,383.25 were held by the Department and not submitted for payment processing and reporting.

Financial and Accounting Instruction number 0410 requires that the Ministry should keep close control on all commitments, and enquiries should be made if a commitment does not become actual expenditure, within a reasonable time. Moreover, all outstanding debts

should be reported at the end of each financial year in order to have them reported in the Financial Statements.

**In his response through a memorandum referenced 022/001/AR, dated 8<sup>th</sup> October 2019, the Controlling Officer cited that these arrears were in relation to medical referral for civil servants. The invoices amounting to E5,231,383.25 were not paid due to insufficient budget since the allocation was only E10 million, yet the outstanding payments amounting to E1,235,235.26 are due to cash flow problems.**

## HEAD 38: INTERNAL AUDIT

### 64 Outstanding Payments – Arrears at year end

Through a memorandum referenced I. 24 (A) Vol. I/29, and dated 26<sup>th</sup> September 2019, I communicated to the Controlling Officer that during the audit of the Arrears (Detailed Statement of Liabilities, I noted that the Internal Audit Department had outstanding payments amounting to E164,251.72 as at 31<sup>st</sup> March 2019. Related invoices and bills held by the Department, were not submitted to the Treasury Department for payment processing and reporting.

Financial and Accounting Instruction number 0410, requires that the Department should keep close control on all commitments, and enquiries should be made if a commitment does not become actual expenditure, within a reasonable time. Moreover, all outstanding debts should be reported to the Treasury Department at the end of each financial year in order to have them reported in the Financial Statements.

The breakdown of the invoices and/or bills not reported or submitted to the Treasury Department is depicted in the table below:

Control Item	Supplier	Invoice/Ref. No.	Amount (E)
046	Swaziland Electricity Company	1001593270	16,387.01
062	Accountant	32221	146.80
041	Sesakhile Pty Ltd	0385	23,953.63
041	Virtue Investment (Pty) Ltd	0954	87,207.78
067	Sesakhile Pty Ltd	0415	17,825.00
067	Webster Print	46070	805.00
062	Zaza Investments Pty Ltd	3913	17,926.50
			<b>164,251.72</b>

**In her response, referenced IAO 3/2/2/011, the Controlling Officer cited that with regards to Outstanding Payments of E240,362.43 (prior to being adjusted to 164,251.72 as per a revised outstanding payments report submitted by the Treasury Department), all related payments were made during the year, hence there are no outstanding payments.**

**She cited that MTN wrongly billed the office with an amount of E11,551.24, this amount was captured into the invoice portal system after receipt. This wrong bill was returned to MTN and a corrected bill of E1,551.24 was then received, captured and paid. The E11,551.24 was erroneously not adjusted after receiving and capturing the corrected bill from MTN.**

Regarding the Eswatini Mobile bill, the office received and captured a lump sum bill of E17,123.36. This bill was later returned to Eswatini Mobile for segmentation according to months of use. The segmented bills were received, captured and payments made. An adjustment to clear the double capture has been made.

Payments to Eswatini Electricity Company amounting to E43,450.00 were reflected as outstanding in the invoice portal system by the 31<sup>st</sup> March 2019. The amount of E8,040.42 was erroneously captured three times and E9,811.37 was captured two times. This was a result of the portal system's introduction teething problems. When capturing these invoices, the system did not show that they were captured and saved hence they were continuously captured. Payments in respect of the two outstanding invoices were made. The capturing error amounting to E43,450.00 was corrected with adjustments.

Regarding the invoice to Sesakhile Pty (LTD) amounting to E23,953.63, the lump sum is reflecting as outstanding in the invoice portal. The sum was captured on receipt and later returned to supplier for segmentation for service and supplies. The corrected invoice amounting to E17,825 and another invoice amounting to E6,128.63 were paid.

About Swaziland Printing and Publishing Co, the transaction of E2,034.90 was reflected as outstanding in 2018/19 yet it was for the current year 2019/2020.

*This indicates that the data from the Accountant General was not accurate. The Accountant General should reconcile the records with the Ministries and Departments so as to provide an accurate and true reflection of the outstanding payments*

## **65 Under Expenditure Recurrent Vote**

I further communicated to the Controlling Officer, through a memorandum referenced I.24 (A) Vol. VII/18, that during the audit of the Detailed Statement of Recurrent Expenditure for the year ended 31 March 2019, I noted that there was an under expenditure amounting to E365,075.05 on Professional and Special Services, as illustrated in the following table.

<b>Item</b>	<b>Approved Estimate (E)</b>	<b>Released Funds (E)</b>	<b>Actual Expenditure (E)</b>	<b>Under Expenditure</b>	<b>%</b>
04 Professional and Special Services	919,465.00	906,731.00	541,655.95	365,075.05	40.3%

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

**In her response, the Controlling Officer concurred with my observation of an under expenditure on Professional and Special Services, and she cited that the office had budgeted for installation of a security system in the fiscal year 2018/19. However, these funds were released late towards the end of the year, as a result the remaining time was not enough to initiate and complete all procurement procedures.**

## HEAD 40: MINISTRY OF LABOUR AND SOCIAL SECURITY

### 66 Unauthorised Over Expenditure on Recurrent Vote

I communicated to the Controlling Officer, through a memorandum referenced L32 Vol. III/38 and dated 26<sup>th</sup> September 2019, that during the audit of the Detailed Statement of Recurrent Expenditure for the financial year ended 31st March 2019, I observed that there were over expenditures incurred on CTA Vehicle Charges, and External Grants and Subsidies amounting to E3,438,568.85 on Recurrent Vote, as illustrated in the table below.

Item	Released Budget (E)	Actual Expenditure (E)	Over Expenditure (E)	Percentage (%)
CTA Vehicle Charges	1,165,090.00	4,504,042.20	3,338,952.20	287
Grants and Subsidies – External	308,996.00	408,612.65	99,616.65	32
<b>Total</b>			<b>3,438,568.85</b>	

Over expenditures beyond the budget released as appropriated by Parliament are not only unlawful but also result in serious repercussions in 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 in the Treasury Warrants.

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 such over expenditures, on CTA Vehicle Charges, and Grants and Subsidies.

**In his response, referenced MoLSS/AI/2/II, the Controlling Officer concurred with my findings on the unauthorised over expenditure on Recurrent Vote. He explained that the Ministry's budget for the CTA Vehicle Charges for the year were E2,796,246.50. The released budget was E1,165,090.00, which cause a shortfall of E1,631,156.50 in unreleased funds. The budget for CTA Vehicle charges is inadequate to cover the Ministry's activities, which include; conducting of inspections that are conducted on a daily basis; administering of aptitude and self-directed search tests to all pupils in all schools around the country; and conducting surveys. Most of the charges incurred by the Ministry are those of maintenance of the vehicles since the formula used to calculate CTA charges is standard. He further cited that this formula leads to the huge amount of money being spent on maintenance, whereas the vehicles are not maintained every day.**

**With regards to Grants and Subsidies – External, the Controlling Officer cited that the over expenditure was caused by the effect on exchange rates as payments are made through Foreign Currencies, such as the US Dollar and the British Pound Sterling. The budget has remained the same while Lilangeni continues to depreciate against these Currencies.**

## **67 Outstanding Payments – Arrears at year end**

I also communicated to the Controlling Officer, through a memorandum referenced L32 Vol. III/38 and dated 26<sup>th</sup> September 2019, that during the audit of the Arrears (Detailed Statement of Liabilities) compiled by the Treasury Department, I noted that the Ministry had outstanding payments totalling to E11,423,788.88 as at 31<sup>st</sup> March 2019. Outstanding payments amounting to E9,998,036.41 were submitted to the Treasury Department for processing and reporting, while invoices and bills amounting to E1,425,752.47 were held by the Ministry and not submitted to the Treasury Department for payment processing and reporting.

Financial and Accounting Instruction number 0410, requires that the Ministry should keep close control on all commitments, and enquiries should be made if a commitment does not become actual expenditure, within a reasonable time. Moreover, all outstanding debts should be reported to the Treasury Department at the end of each financial year in order to have them reported in the Financial Statements.

**In his response referenced MoLSS/AI/2/11, dated 8<sup>th</sup> October 2019, the Controlling Officer stated that the Ministry was aware of arrears amounting to E665,823.05 as at financial year end, and through the help of the Government Tender Board, the Ministry has been able to settle all the Arrears. However, the transactions captured on the invoice portal are not yet adequately reconciled as it should be, because of staff shortages at the Treasury Department.**

## **HEAD 41: MINISTRY OF PUBLIC SERVICE**

### **68 Outstanding Payments – Arrears at year end**

I communicated to the Controlling Officer, through a memorandum referenced A2/2018/19/54, that during the audit of the Arrears (Detailed Statement of Liabilities) compiled by the Treasury Department, I noted that the Ministry had outstanding payments amounting to E23,849,789.71 as at 31<sup>st</sup> March 2019. Outstanding payments amounting to E8,380,693.00 were submitted to the Treasury Department for processing and reporting, while invoices and bills amounting to E15,469,096.71 were held by the Ministry and not submitted to the Treasury Department for payment processing and reporting.

Financial and Accounting Instruction number 0410, requires that the Ministry should keep close control on all commitments, and enquiries should be made if a commitment does not become actual expenditure, within a reasonable time. Moreover, all outstanding debts should be reported to the Treasury Department at the end of each financial year in order to have them reported in the Financial Statements.

**There was no response to the above matter. Hence, the Ministry has contravened the Financial Accounting Instruction 0315 (ii) which states that the Controlling Officer should respond promptly to audit queries.**

## **HEAD 43: MINISTRY OF INFORMATION, COMMUNICATION AND TECHNOLOGY**

### **69 Audit of the Detailed Statement of Capital Expenditure**

An audit of the Detailed Statement of Capital Expenditure for the financial year ended 31<sup>st</sup> March 2019 was conducted and my findings were communicated to the Principal Secretary through a memorandum referenced I7 Vol. III/17, dated 24<sup>th</sup> September 2019. The Controlling Officer responded through a memorandum referenced ICT/16/8/3, dated 27<sup>th</sup> September 2019; however, the following issues remain reportable.

#### **69.1 Non-utilisation of Released Funds on Project G55770 – Development of a Document Management System and Project T51099 – Digital Migration**

During the audit of the Detailed Statement of Capital Expenditure for the financial year ended 31<sup>st</sup> March 2019, I observed that there was non-utilisation of Capital Project Funds, on two projects, amounting to E14,375,000.00, which were appropriated by Parliament. The entire released budget was not utilised, resulting in non-utilisation of 100% on each of these projects. These projects were not implemented by the Ministry as approved.

The details of non-utilisation of released funds are depicted below:

<b>Project Name</b>	<b>Approved Estimate (E)</b>	<b>Revised Provision (E)</b>	<b>Funds Released (E)</b>	<b>Actual Expenditure</b>	<b>Non-utilisation (E)</b>
G55770 – Development of a Document Management System	8,750,000.00	8,750,000.00	4,375,000.00	-	4,375,000.00
T51099 – Digital Migration	20,000,000.00	20,000,000.00	10,000,000.00	-	10,000,000.00
<b>Total</b>			<b>14,375,000.00</b>		<b>14,375,000.00</b>

Non-utilisation of released funds is a serious concern as the unutilised funds deprive other Government projects or programmes of funds for 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 and dated 27<sup>th</sup> September 2019, the Controlling Officer cited that for Project G55770 – Development of a Document Management System, there was expenditure incurred totaling E3,949,639.44, and there was an under expenditure of E425,360.56. The breakdown of the expenditure incurred was E2,900,00.00 spent on the procurement of Consultancy Services and Installation of a Self-**

**Sign Security System, and E1,049,639.44 spent on the procurement of redundancy equipment.**

**Whilst, with regard to Project T51099 – Digital Migration, the Controlling Officer concurred with my observation and confirmed that they indeed received funds amounting to E10,000,000.00 during the financial year 2018/19 for gap filling of digital infrastructure and design of Hub Production Centre.**

*My concern is that the expenditure of E3,949,639.44 was not captured into the Government Accounting System. The omission of this transaction has misstated the expenditure figure in the Detailed Statement of Capital Expenditure. Though the Accountant General concurred with the observation, and he clarified that only funds amounting to USD 40,000.00 were utilised and not captured in the Accounting System in the year under review, and the rest of the payments appear in the financial 2019/2020.*

## **69.2 Under expenditure on Project G55799 - Development of a Document Management System and Project M34299 - Construction of IT Park**

I also noted that there were under expenditures on two Capital Projects of the Ministry, amounting to E 6,952,858.04. These Projects were G55799 - Development of a Document Management System, and M34299 – Construction of IT Park. The details of the under expenditures are depicted in the table below:

<b>Project Name</b>	<b>Approved Budget (E)</b>	<b>Funds Released (E)</b>	<b>Actual Expenditure (E)</b>	<b>Under-Expenditure (E)</b>	<b>%</b>
G55799 – Development of a Document Management System	6,000,000.00	2,600,000.00	1,915,441.96	684,558.04	26.3%
M34299 – Construction of IT Park	100,000,000.00	50,000,000.00	43,731,700.00	6,268,300.00	12.5%
<b>Total</b>				<b>6,952,858.04</b>	

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 utilised to finance essential programmes or projects, they would have contributed towards the development and economic growth of the country. I, therefore, consider under expenditures of 10% and above on capital projects in a year as not conducive to the development of the country.

In his response referenced ICT/16/8/3 and dated 27<sup>th</sup> September 2019, the Controlling Officer acknowledged my observations. For Project G55799 – Development of a Document Management System, he confirms that funds amounting to E684,55804 were not utilised due to the fact that authority to commit funds was not granted. Whilst, with regard to Project M34299 – Construction of IT Park, the Controlling Officer confirmed that the released budget funds were not utilised during the financial year 2018/19 due to the Warrant which was received towards the end of the financial year and delays to process payment caused by cumbersome procurement procedures.

*The Ministry is still required to explain why there were delays in requesting for commitments, and the Ministry of Finance should explain the rationale of releasing funds towards the end of the financial year.*

## **70 Detailed Statement of Recurrent Expenditure**

An audit of the Detailed Statement of Recurrent Expenditure for the financial year ended 31st March 2019 was conducted and my findings were communicated to the Principal Secretary through a memorandum referenced I7 Vol. III/17, dated 25<sup>th</sup> September 2019. The Controlling Officer responded through a memorandum referenced ICT/8/1/3, dated 8<sup>th</sup> October 2019; however, the following issues remain reportable.

### **70.1 Unauthorised Over Expenditure on Recurrent Vote**

During the audit of the Detailed Statement of Recurrent Expenditure for the financial year ended 31st March 2019, I observed that there were over expenditures amounting to E7,485,059.32, incurred by the Ministry in various Responsibility Centres. The over expenditure incurred on: CTA Vehicle Charges amounted to E4,624,392.56; Personnel Costs amounted to E1,796,919.62; Professional and Special Services amounted to E687,666.00; and Travel, Transport and Communication amounted to E376,081.14. as illustrated in the table below.

<b>Responsibility Centre</b>	<b>Expenditure Item</b>	<b>Appropriated Budget (E)</b>	<b>Released Budget (E)</b>	<b>Actual Expenditure (E)</b>	<b>Over Expenditure (E)</b>	<b>%</b>
Ministry Administration - 11	00 CTA Vehicle Charges	3,524,551.00	1,468,560.00	5,376,70826	3,908,148.26	266
Broadcasting and Information Services -14	00 CTA Vehicle Charges	383,448.00	184,76400	283,824.58	99,060.58	54
National Library Services- 15	00 CTA Vehicle Charges	101,555.00	42,310.00	60,921.60	18,611.60	44

Computer Services – 16	00 CTA Vehicle Charges	236,350.00	98,475.00	537,206.80	438,731.80	446
Research & Technology – 18	00 CTA Vehicle Charges	389,920.00	97,479.00	257,319.32	159,840.32	164
<b>Over expenditure on CTA Vehicle Charges</b>					<b>4,624,392.56</b>	
Ministry Administration - 11	01 Personnel Costs	4,793,013.00	4,854,068.00	5,928,497.78	1,074,429.78	22
Communication – 12	01 Personnel Costs	2,060,256.00	2,097,616.00	2,820,105.84	722 489.84	34
<b>Over expenditure on Personnel Costs</b>					<b>1,796,919.62</b>	
Communication – 12	04 Professional and Special Services	434 498.00	407 497.00	601,800.00	194,303.00	48
Research & Technology – 18	04 Professional and Special Services	764,750.00	747,477.00	1,240,840.00	493,363.00	66
<b>Over expenditure on Professional and Special Services</b>					<b>687,666.00</b>	
Information -13	02 Travel, Transport and Communication	1,597,285.00	1,630,772.00	2,006,853.14	376,081.14	23
<b>Over expenditure on Travel, Transport and Communication</b>					<b>376,081.14</b>	<b>23</b>
<b>Total</b>					<b>7,485,059.32</b>	

Over expenditures beyond the released budget as appropriated by Parliament are not only unlawful but also result in serious repercussions in 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 in the Treasury Warrants.

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 over expenditure on CTA Vehicle Charges, Personnel Costs, Professional and Special Services, and Travel, Transport and Communication.

**In his response referenced ICT/8/1/3, dated 8<sup>th</sup> October 2019, the Controlling Officer concurred with my observations and explained the causes of the over expenditures, as follows:**

**The budget released for CTA Vehicle Charges is far below the appropriated budget, and the Ministry sent a request for the release of funds for CTA charges to the relevant Ministry but was not granted resulting in the over expenditure.**

**The over expenditure on Personnel Costs was caused by acting allowances that were unbudgeted for. Further, some officials are paid under Administration instead of their respective centres, where there is an allocated budget for the posts. Moreover, the**

**Ministry hired extra Clerical Officers due to the workload caused by the Digital Migration Project.**

**The over expenditure on Professional and Special Services was caused by the payment of utility bills, which were processed at the end of the financial year, whereas reallocations were not processed by the Ministry of Finance.**

**The over expenditure on Travel, Transport and Communication was caused by the payment of telephone bills that were processed by the Ministry at the end of the financial year.**

## **70.2 Under Expenditure on Recurrent Vote**

I further noted that there were under expenditures amounting to E3,379,158.46, despite that the budget had been released to carry out activities in various Responsibility Centres, as illustrated in the table below.

<b>Responsibility Centre</b>	<b>Expenditure Item</b>	<b>Appropriated Budget (E)</b>	<b>Released Budget (E)</b>	<b>Actual Expenditure (E)</b>	<b>Under Expenditure (E)</b>	<b>%</b>
Minister's Office-10	00 CTA Vehicle Charges	194 000.00	80 830.00	28,983.72	51,846.28	64
Communication – 12	02 Travel, Transport and Communication	870 821.00	861 339.00	512,478.18	348,860.82	41
Information-13	02 Travel, Transport and Communication	269 781.00	210 979.00	109,396.22	101,582.78	48
Broadcasting and Information Services -14	02 Travel, Transport and Communication	3 844 314.00	3 543 527.00	2,390,209.38	1,153,317.62	33
National Library Services- 15	02 Travel, Transport and Communication	1 307 466.00	1 147 225.00	723,782.42	423,442.58	37
National Library Services- 15	06 Consumables Materials and Supplies	517 230.00	419 898.00	235,451.55	184,446.45	44
National Archives-17	02 Travel, Transport and Communication	1 149 704.00	1 116 419.00	789,569.49	326,853.51	293
Research & Technology- 18	01 Personnel Costs	1 437 714.00	1 441 332.00	876,192.96	565,139.04	39
Research & Technology- 18	02 Travel, Transport and Communication	1 206 999.00	822 242.00	598,572.62	223,669.38	27
<b>Total</b>					<b>3,379,158.46</b>	

Under expenditure is a serious concern as the unutilised funds deprive other Government projects or programmes of funds for 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, therefore, consider under expenditures of 10% in a year as not conducive to the development of the country.

**In his response referenced ICT/8/1/3, the Controlling Officer concurred with my observations and provided the following explanations:**

**The under expenditure on CTA Vehicle Charges was as a result of fuel consumption charged under Administration as the Ministry's fleet is controlled by the Transport Officer who is paid under the Administration Department.**

**The under expenditure on Travel, Transport and Communication was as result of reallocations made from savings of other expenditure items to cater for the payment of telephone bills; however, some bills were not paid by the end of the financial year. Further, some of the budgeted travels received financial support from external partners, and some planned external travels did not get recommendation for approval.**

**With regard to the under expenditure on Consumables Material and Supplies, the Department requested for the release of funds during the fourth quarter to procure e-books, due to the late release of the requested funds they were unable to procure.**

## **71 Outstanding Payments – Arrears at year end**

I further communicated to the Controlling Officer, through a memorandum referenced I7 Vol. III/18 and dated 26<sup>th</sup> September 2019, that during the audit of the Arrears (Detailed Statement of Liabilities) compiled by the Treasury Department, I noted that the Ministry had outstanding payments amounting to E229,947,773.54 as at 31<sup>st</sup> March 2019. Outstanding payments amounting to E117,755,995.16 were submitted to the Treasury Department for processing and reporting, while invoices and bills amounting E112,191,778.38 were held by the Ministry and not submitted to the Treasury Department for payment processing and reporting.

Financial and Accounting Instruction number 0410, requires that the Ministry should keep close control on all commitments, and enquiries should be made if a commitment does not become actual expenditure, within a reasonable time. Moreover, all outstanding debts should be reported to the Treasury Department at the end of each financial year in order to have them reported in the Financial Statements.

**In his response referenced ICT/16/8/3 and dated 4<sup>th</sup> October 2019, the Controlling Officer cited that the Ministry will ensure that all invoices are captured in the invoice portal; keep a close control on all its commitments within a reasonable time; and report to Treasury Department all its outstanding debts at the end of the financial year.**

*I appreciate the Controlling Officer's commitment to resolve the anomaly going forward, however, the matter remains reportable.*

## HEAD 44: ELECTIONS AND BOUNDARIES COMMISSION

### 72 Outstanding Payments – Arrears at year end

I communicated to the Head of Secretariat through a memorandum referenced E24 Vol. I/55, dated 26<sup>th</sup> September 2019 that during the audit of the Arrears (Detailed Statement of Liabilities) compiled by the Treasury Department, I noted that the Elections and Boundaries Commission had outstanding payments amounting to E24,875,357.10 as at 31<sup>st</sup> March 2019. Outstanding payments amounting to E24,680,745.68 were submitted to the Treasury Department for processing and reporting, while invoices and bills amounting to E194,611.42 were held by EBC and not submitted to the Treasury Department for payment processing and reporting.

Financial and Accounting Instruction number 0410, requires that the Ministry should keep close control on all commitments, and enquiries should be made if a commitment does not become actual expenditure, within a reasonable time. Moreover, all outstanding debts should be reported to the Treasury Department at the end of each financial year in order to have them reported in the Financial Statements.

**In his response, referenced EBC/36 and dated 2<sup>nd</sup> October 2019, the Controlling Officer acknowledged the invoices and bills amounting to E1,078,834.89. He stated that the EBC submitted these payments manually and electronically through the new portal facility created by Treasury in an attempt to clear the outstanding payments. He further mentioned that the Commission was in the process of paying the debt and had engaged the Ministry of Finance on possible means of funding the debt.**

## HEAD 45: MINISTRY OF HEALTH

### **73 Audit of the Detailed Statement of Recurrent Expenditure**

An audit of the Detailed Statement of Recurrent Expenditure for the financial year ended 31<sup>st</sup> March 2019 was conducted and my findings were communicated to the Principal Secretary through a memorandum referenced M10 Vol. XI/2, dated 26<sup>th</sup> September 2019. The Ministry did not respond promptly to audit queries; thus, contravened Financial and Accounting Instruction 0315 (ii).

The Controlling Officer responded through a memorandum referenced MH/203A, dated 24<sup>th</sup> October 2019; however, the matters remain reportable.

#### **73.1 Unauthorised Over Expenditure on Recurrent Vote**

During the audit of the Detailed Statement of Recurrent Expenditure for the year ended 31<sup>st</sup> March 2019, I observed that there were over expenditures amounting to E200,845,376.79 on Recurrent Expenditure Vote: over expenditure incurred on CTA Vehicle Charges of E51,372,039.66; Personnel Costs of E63,843,908.48; and Medical Drugs of E85,629,428.65. The details of the significant over expenditures are depicted below:

<b>Activity/Item</b>	<b>Released Budget (E)</b>	<b>Actual Expenditure (E)</b>	<b>Over Expenditure (E)</b>	<b>%</b>
<b><u>Ministry Administration</u></b>				
00 CTA Vehicle Charges	13,511,295.00	45,369,266.36	31,857,971.36	236%
<b><u>National Referral Hospitals</u></b>				
00 CTA Vehicle Charges	532,380.00	862,919.84	330,539.84	62%
03 Drugs	49,130,088.00	95,219,830.76	46,089,742.76	94%
<b><u>Medical Support Services</u></b>				
00 CTA Vehicle Charges	398,140.00	469,118.44	70,978.44	18%
<b><u>Preventive Medicine</u></b>				
00 CTA Vehicle Charges	922,795.00	1,411,310.87	488,515.87	53%
03 Drugs	53,752,324.00	62,028,118.23	8,275,794.23	15%
<b><u>Curative Medicine</u></b>				
01 Personnel Costs	1,075,900.00	2,055,388.69	979,488.69	91%
<b><u>Manzini Health Care Services</u></b>				
00 CTA Vehicle Charges	664,055.00	9,962,748.67	9,298,693.67	1400%
01 Personnel Costs	77,303,764.00	90,912,465.61	13,608,701.61	18%
03 Drugs	11,161,612.00	20,746,249.67	9,584,637.67	86%
<b><u>Shiselweni Health Services</u></b>				
00 CTA Vehicle Charges	299,410.00	4,623,024.31	4,323,614.31	1444%

Activity/Item	Released Budget (E)	Actual Expenditure (E)	Over Expenditure (E)	%
01 Personnel Costs	113,852,636.00	130,537,784.43	16,685,148.43	15%
03 Drugs	11,836,892.00	21,348,497.03	9,511,605.03	80%
<b><u>Lubombo Health Care Services</u></b>				
00 CTA Vehicle Charges	382,560.00	5,384,286.17	5,001,726.17	1307%
01 Personnel Costs	53,955,932.00	66,294,800.18	12,338,868.18	23%
03 Drugs	6,369,000.00	13,160,508.11	6,791,508.11	107%
<b><u>Hhohho Health Care Services</u></b>				
01 Personnel Costs	115,632,940.00	135,864,641.57	20,231,701.57	18%
03 Drugs	15,011,100.00	20,387,240.85	5,376,140.85	36%
<b>Total</b>			<b>200,845,376.79</b>	

Over expenditures beyond the budget released as appropriated by Parliament are not only unlawful but also result in serious repercussions in the fiscal budget.

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 address the above anomaly or strengthen the internal controls, and the assurance of their effectiveness to eliminate the occurrence of over expenditure on CTA Vehicle Charges, Personnel Costs and Medical Drugs.

**The Controlling Officer concurred with my observations of unauthorised over expenditure on CTA Vehicle Charges, Personnel Costs, and Medical Drugs, and he provided the following explanations:**

**Over Expenditure on CTA Vehicle Charges of E51,372,039.66:**

**Regarding CTA Charges, he cited that an analysis on the CTA expenditure conducted by the Ministry, through Clinton Health Access Initiative (CHAI), revealed that a high proportion of the expenditure goes towards maintenance of the vehicles because more than 70% of the fleet is more than 5 years old.**

**He also stated that out of a budget of E45,273,081.00 only 17,403,700.00 was released; had the total budget been released, the over expenditure would have been E23,418,755.00 which represents 52% instead of the reported 296%.**

**The Ministry has the Emergency Preparedness Response (EPR) unit, which has a fleet stationed at strategic areas in all regions of the country and operates for 24 hours daily, thus increasing the fuel consumption.**

**He further elucidated that there are referral schemes (Phalala and Civil Servants) whereby patients are transported weekly, on selected days to the Republic of South Africa**

for treatment. Most of the Ministry's vehicles were travelling long distances to ferry patients being referred for tertiary or specialised care, thus increasing fuel consumption.

He further expounded that the Central Medical Stores (CMS) distributes pharmaceutical drugs and vaccines to all health facilities in the Kingdom, which consumes a high volume of fuel. Some of the vehicles from health facilities are obligated to travel long distances to CTA depots to be refuelled. The Ministry is in consultation with CTA for the installation of fuel bowsers at selected health facilities in a bid to reduce the fuel consumed during the refueling trips.

**Over expenditure on Personnel Costs of E 63,843,908.48:**

With reference to the Personnel Costs, the over expenditure is mainly due to on-call and standby allowances paid to certain health personnel who are expected to be available beyond normal working hours. On-call is claimed using a formula that 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, Ultra-sonographers, Pharmacists, Pharmacy Technicians, and Biomedical staff.

The expenditure has been increasing due to; the increasing number of personnel, especially doctors, coupled with the increasing demand for new services, such as renal dialysis, chemotherapy, which means more doctors on-call even in the new departments. Further, 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 utilisation of vacant posts. But as these posts are being frozen or filled up, the expenditure on personnel costs escalate. As a result, with effect from the financial year 2019/2020, on-call and standby allowances are now budgeted for.

**Over Expenditure on Medical Drugs of E85,629,428.65:**

Regarding medical drugs, all health facilities requisition pharmaceuticals and medical supplies from the Central Medical Stores (CMS) on a regular basis. Thereafter, the CMS debit the facilities with the amount of the requisitioned supplies. But, due to the high demand for the pharmaceuticals and medical supplies by the health facilities vis-à-vis the declining yearly budget, over expenditures are incurred. Due to the introduction of the Public Finance Management Act of 2017, the Ministry was not able to utilise savings from other item codes to replenish the over expenditures.

## 74 Under expenditure on Recurrent Vote

I drew the attention of the Controlling Officer that, I also noted that there were under expenditures amounting to E135,857,610.90 on Recurrent Vote. The details of the under expenditures are depicted in the following table:

Activity/Item	Released Budget (E)	Actual Expenditure (E)	Under Expenditure (E)	%
<b><u>Minister's Office</u></b>				
00 CTA Vehicle Charges	80,830.00	38,045.06	42,784.94	53%
01 Personnel Costs	2,357,718.00	1,887,165.79	470,552.21	20%
<b><u>Ministry Administration</u></b>				
02 Travel, Transport and Communication	8,870,019.00	7,135,519.79	1,734,499.21	20%
<b><u>Curative Medicine</u></b>				
00 CTA Vehicle Charges	15,105.00	7,897.87	7,207.13	48%
<b><u>Manzini Health Care Services</u></b>				
04 Professional and Special Services	2,334,786.00	1,992,471.08	342,314.92	15%
<b><u>Shiselweni Health Services</u></b>				
06 Consumables Materials and Supplies	1,615,551.00	1,443,604.68	171,946.32	11%
<b><u>Lubombo Health Care Services</u></b>				
04 Professional and Special Services	3,073,280.00	2,655,812.71	417,467.29	14%
<b><u>Directorate Office</u></b>				
03 Drugs	273,372,476.00	137,514,865.10	135,857,610.90	50%
<b>Total</b>			<b>135,857,610.90</b>	

Under expenditure is a serious concern as the unutilised funds deprive other Government projects or programs, of planned development initiatives. Had the funds been accessible and/or used to finance essential programs, they would have contributed towards the development and economic growth of the country. I, therefore, consider under expenditures of 10% and above on capital projects in a year as not conducive to the development of the country.

**The Controlling Officer concurred with my findings, and cited that the under expenditure incurred was a result mainly of purchase orders which were committed during the fourth quarter of the financial year, which were not paid for before the financial year ended 31<sup>st</sup> March 2019, because deliveries of the purchase orders were not completed and invoices not submitted. For instance, committed purchase orders for ARVs amounting to E132,597,673.94 had to be cancelled after financial year ended. The invoices submitted financial year ended were not processed through the accruals system, as in previous years, due to the introduction of the Public Finance Management Act of 2017. To avoid further occurrence of the under expenditure, the Ministry requested the Ministry of Finance to release the whole budget for ARVs during the second quarter in order to facilitate placement of purchase orders and processing of payments before the financial year ends.**

## **75 Audit of the Detailed Statement of Capital Expenditure**

An audit of the Detailed Statement of Capital Expenditure for the financial year ended 31<sup>st</sup> March 2019 was conducted and my findings were communicated to the Principal Secretary through a memorandum referenced M10 Vol. XI/1 and dated 24<sup>th</sup> September 2019. The Controlling Officer responded through a memorandum referenced MH/208, dated 8<sup>th</sup> October 2019; however, the following issues remain reportable.

### **75.1 Non-utilisation of Funds on Project H33070 – Rehabilitation of Mbabane Government Hospital**

I reported to the Controlling Officer that during the audit of the Detailed Statement of Capital Expenditure for the year ended 31 March 2019, I observed that there was non-utilisation of Capital Project Funds, amounting to E28,811,266.00, which were appropriated by Parliament. The details of non-utilisation of funds on Project H33070 are depicted in the table below:

<b>Project Name</b>	<b>Approved Estimate (E)</b>	<b>Revised Provision (E)</b>	<b>Funds Released (E)</b>	<b>Actual Expenditure</b>	<b>Non-utilisation (E)</b>
H33070 – Rehabilitation of Mbabane Government Hospital	100,000,000.00	100,000,000.00	28,811,266.00	-	28,811,266.00

The entire amount of released budget was not utilised, resulting non-utilisation of 100% in the project. This project was not implemented by the Ministry as approved. Hence, improvement of the lives of the citizens through better health services and/or country's economic growth through the development of its communities was delayed.

**In his response referenced MH/208 (dated 8<sup>th</sup> October 2019), the Controlling Officer explained that the project is funded jointly by Government and the Republic of China-Taiwan (ROC). In 2018/19 the ROC component amounted to E50,000,000.00. The requisitioned funds of E28,811,266.00 were from the Republic of China-Taiwan component and were fully utilised. However, the challenge was that the donor disbursed funds into a Micro-Project Account whose expenditure does not automatically reflect on the Government Accounting System and requires a reconciliation to be done manually. Unfortunately, the reconciliation was not done by the Micro-Project Office under the Ministry of Economic Planning and Development.**

**He further provided the details of the actual expenditure incurred in the fiscal year 2018/2019 under the Republic of China (Taiwan) component amounted to E101,423,373.84; since funder brought forward future financial commitments to cater for the fact that Government was having cash flow problems, hence still owes to honour her commitments to the project. Below are details of the payments that were made under the**

project in the financial year 2018/2019, as per certificates and instructions from AG to Central Bank of Eswatini:

Certificate No.	Transfer date	Amount (E)
11	7 <sup>th</sup> May 2018	9,019,188,.14
12	13 <sup>th</sup> June 2018	10,941,060.02
13	13 <sup>th</sup> June 2018	10,253,231.45
14	31 <sup>st</sup> July 2018	7,719,863.90
15	18 <sup>th</sup> December 2018	11,525,332.13
16	16 <sup>th</sup> January 2019	6,072,733.20
17	22 <sup>nd</sup> January 2019	10,920,280.65
18	11 <sup>th</sup> February 2019	30,437,543.27
19	20 <sup>th</sup> February 2019	4,534,141.18
<b>Total</b>		<b>101,423,373.94</b>

*The Controlling Officer's response is acknowledged. However, I noted that the entire expenditure incurred in the financial year 2018/2019, amounting to E101,423,373.94 of this project was not captured or recorded in the Government Accounting System. Hence, the Capital Expenditure for the year under review was understated, due to non-recording of project transactions and non-reconciliation of project accounts by the responsible Accounting Officers. This indicates poor accounting of project funds due to inadequate supervision.*

*Accountant General mentioned that it is the duty of the Ministry responsible to capture these payments into the Accounting System as stipulated in article 0202 and 0203 of the Financial and Accounting Instructions Manual.*

## **75.2 Under expenditure on Capital Project H33799 – Provision of Equipment to Hospitals and Clinics**

I also noted that there was an under expenditure on the Capital Project amounting to E12,266,320.12. The following table depicts the details of the under expenditure:

Project Name	Approved Budget (E)	Budget Funds Released (E)	Actual Expenditure (E)	Under Expenditure (E)	%
H33799 – Provision of Equipment Hospitals and Clinics	30,000,000.00	15,000,000.00	2,733,679.88	12,266,320.12	82

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 utilised to finance essential programmes or projects, they would have contributed towards the development and economic growth of the country. I, therefore, consider under expenditures of 10% and above on capital projects in a year as not conducive to the development of the country.

**The Controlling Officer concurred with my finding, and cited that a number of capital projects were frozen by Cabinet including this project. However, after lobbying, the project was unfrozen. By the time of unfreezing the project, it was already late in the financial year, hence the under expenditure.**

*The Controlling Officer's response is acknowledged.*

## **76 Audit of Drugs Trading Account - Appendix 81**

An audit of the Statement of Drugs Trading Account for the financial year ended 31<sup>st</sup> March 2019 was conducted and my findings were communicated to the Principal Secretary through a memorandum referenced M10 Vol. XI/3, dated 30<sup>th</sup> September 2019. The Ministry did not respond promptly to audit queries; thus, contravened Financial and Accounting Instruction 0315 (ii).

The Controlling Officer responded through a memorandum referenced MH/203A, dated 24<sup>th</sup> October 2019; however, the matters remain reportable.

### **76.1 Unverified and abnormal increase of obsolete stock**

The audit of Drugs Trading Account revealed that there was unverified obsolete stock by the Board of Survey amounting to E6,741,219.61, which was included in the closing stock figure of E113,753,105.86 for the financial year ended 31<sup>st</sup> March 2019. I also noted that the obsolete stock had an abnormal increase of E4,809,686.21 which was 249%, as compared with the previous financial year's figure of E1,931,533.40.

According to the Stores Regulation 0201 (Part 1 of 1975, Chapter 2) the duties for stock-keepers and their staff include reporting to his/her head of department immediately any loss or irregularity which comes to his knowledge or any defect which occurs in the condition of the stores, also arranging periodically for Boards of Survey to deal with any unserviceable stores.

The obsolete stock figure may be misstated, or not be the true value for the year. The increase was not justifiable.

**The Controlling Officer concurred with my findings. He stated that the obsolete stock figure was verified together with Treasury's Stores Department, and explained that the significant increase in the obsolete stock was due to the following reasons:**

- **Certain medicines were rapidly discontinued by World Health Organisation (WHO): example being Kanamycin 1g injection;**
- **Changes in equipment / machines from old models to the current digital models that made some of the medical supplies available at Central Medical Stores (CMS) redundant e.g. X-ray films;**
- **New medicines that have been introduced within the various programs but had lower uptake than program had planned or anticipated e.g. Amikacin 1g injection;**
- **Changes in guidelines have led to decreased consumption of some medicines. The changes are done by WHO and all countries have to comply;**
- **Some medical supplies no longer meet facility requirements due to the sizing e.g. Spinal needles;**
- **Disruptions in the supply chain due to numerous interruptions in operations e.g. January to June system reconfiguration, fuel shortages and stock take. What also added expiries is that the Ministry did not get timely the authority to work overtime to catch up on delayed deliveries.**

**He further stated that the Ministry is working with its supply chain partners to ensure that expiries are minimized.**

## **76.2 No stock (inventory) count at year end**

Furthermore, I noted that stock (inventory) count was not carried out at the end of the financial year (31<sup>st</sup> March 2019), however it was done between 21 April and May 2019. There were no adjustments made in the closing stock for the stock movements that took place after the year end, 31<sup>st</sup> March 2019. Hence the reported closing stock amount of E113,753,105.86 may not be a true representation of the actual stock level on the cut-off date. This indicates that the inventory value was not determined at the date of year end.

Accounting principles, particularly 'prudence concept' dictate that the closing stock (inventory) value must be determined through physical inventory counts by independent personnel at year end, and that any defects or obsolete stock value should always be verified and confirmed by the Board of Survey.

**The Controlling Officer concurred with my findings. He went on to state that the stock take was not taken due to circumstances beyond the Ministry's control. These were the reasons:**

**There was a warehouse management system breakdown in February, and interruptions that included fuel shortages, and delayed deliveries due to late payments. When the situation normalized in March, the distribution was so behind schedule such that facilities were running out of critical medical supplies. As such, Central Medical Stores (CMS) could not close for stock take and ignore the back log of deliveries.**

## **77 Irrecoverable Outstanding Revenue**

I also communicated to the Controlling Officer through a memorandum referenced A2/18/19/37 and dated 23<sup>rd</sup> September 2019, that the Consolidated Statement of Outstanding Revenue as at 31<sup>st</sup> March 2019, shows irrecoverable debts amount of E410,650.00, which was also disclosed in the notes. These debts are from the year ended 31<sup>st</sup> March 2016, and have been outstanding for a period of over four (4) years, without being recovered by the Ministry. An extract of the debts from the Consolidated Statement of Outstanding Revenue is illustrated in the following table.

<b>Ministry of Health</b>	<b>Balance for 2015/2016</b>	<b>Balance for 2016/2017</b>	<b>Balance for 2017/2018</b>	<b>Outstanding Balance 2018/2019</b>
	<b>E</b>	<b>E</b>	<b>E</b>	<b>E</b>
Overdue outstanding revenue	410,650.00	410,650.00	410,650.00	410,650.00

I am concerned that the Ministry is not prioritizing to recover the outstanding revenue, and I am not aware of any action undertaken towards recovering these debts that have been outstanding over a period of four (4) years. The outstanding revenue should be recovered promptly and should not be written off until all efforts and possible measures have been exhausted.

**In his response, the Controlling Officer concurred with my observations. He stated that the outstanding revenue has been accumulating over the years, from financial year 2015/2016, and the outstanding revenue is accumulated from admitted patients in hospitals and health facilities that are discharged from health facilities without paying off their debts due to various reasons, such as:**

- **Patients who are transferred on emergency from health centres or hospitals to referral hospital without settling their bills;**
- **Some patients on discharge literally do not have money to settle their bills, but make promises that they will settle the bills at a later date to no avail; and**
- **Some patients deliberately abscond from health facilities without settling their outstanding bills.**

**The Ministry does make follow up on the patients urging them to settle their outstanding bills.**

## **78 Outstanding Payments- Arrears at year end**

I further communicated to the Controlling Officer, through a memorandum referenced M10 Vol. XI/3 and dated 26<sup>th</sup> September 2019, that during the audit of the Arrears (Detailed Statement of Liabilities) compiled by the Treasury Department, I noted that the Ministry had outstanding payments amounting to E285,979,824.09 as at 31<sup>st</sup> March 2019. Outstanding payments amounting to E58,651,532.84 were submitted to the Treasury Department for processing and reporting, while invoices and bills amounting to E227,328,291.25 were held by the Ministry and not submitted to the Treasury Department for payment processing and reporting.

Financial and Accounting Instruction number 0410, stipulates that the Ministry should keep close control on all commitments, and enquiries should be made if a commitment does not become actual expenditure, within a reasonable time. Moreover, all outstanding debts should be reported to the Treasury Department at the end of each financial year in order to have them reported in the Financial Statements.

**In his response, the Controlling Officer explained that the outstanding invoices which were not submitted to the Treasury Department, before the financial year ended, were mainly for purchase orders from the Central Medical Stores which had partial deliveries, thus payment could not be processed.**

**There were also telephone bills which could not be processed for payment because the budget was insufficient. And invoices for hospitals' equipment were not paid because the funds from capital budget were released during the last month of the financial year and deliveries could not be completed before the financial year ended.**

**The Ministry took note of the advice to report all outstanding debts to the Treasury Department at the end of the Financial year.**

## HEAD 46: MINISTRY OF JUSTICE AND CONSTITUTIONAL AFFAIRS

### 79 Audit of the Detailed Statement of Recurrent Expenditure

An audit of the Detailed Statement of Recurrent Expenditure for the financial year ended 31<sup>st</sup> March 2019 was conducted and my findings were communicated to the Principal Secretary through a memorandum referenced J4 Vol. VIII/32, and dated 30<sup>th</sup> September 2019. The Controlling Officer responded through a memorandum referenced Jus. 3/1/5/2, dated 7<sup>th</sup> October 2019; however, the following issues remain reportable.

#### 79.1 Unauthorised Over Expenditure on Recurrent Vote

During the audit of the Detailed Statement of Recurrent Expenditure for the financial year ended 31<sup>st</sup> March 2019, I observed that there were over expenditures amounting to E14,317,997.08: over expenditure on CTA Vehicle Charges of E3,837,254.22, and Personnel Costs of E10,480,742.86. The details of such over expenditures are depicted in the table below:

Activity/Item	Budget Released (E)	Actual Expenditure (E)	Over Expenditure (E)	%
<b>Minister's Office</b>				
00 CTA Vehicle Charges	80,830.00	173,753.25	92,923.25	115.0%
<b>Ministry Administration</b>				
00 CTA Vehicle Charges	1,428,327.00	5,085,172.81	3,656,845.81	256.0%
<b>State Law Office</b>				
00 CTA Vehicle Charges	109,625.00	197,110.16	87,485.16	79.8%
<b>Over expenditure on CTA Vehicle Charges</b>			<b>3,837,254.22</b>	
<b>Minister's Office</b>				
01 Personnel Costs	2,485,922.00	2,970,104.78	484,182.78	19.5%
<b>Ministry Administration</b>				
01 Personnel Costs	5,001,288.00	5,923,016.59	921,728.59	18.4%
<b>Law Office</b>				
01 Personnel Costs	18,023,864.00	27,098,695.49	9,074,831.49	50.3%
<b>Over expenditure on Personnel Costs</b>			<b>10,480,742.86</b>	
<b>Total</b>			<b>14,317,997.08</b>	

Over expenditures beyond the budget released as appropriated by Parliament are not only unlawful but also result in serious repercussions in 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 in the Treasury Warrants.

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 avoid recurrence of such anomaly by strengthening internal controls, and the assurance of their effectiveness to eliminate the occurrence of over- expenditure on CTA Vehicle Charges and Personnel Costs.

**The Controlling Officer acknowledged the over expenditures and confirmed them as correct, and provided the following explanations:**

***Minister's Office:***

The over expenditure of E92,923.25 (115%) on CTA Charges under the Minister's Office was a result of non-release of funds by the Ministry of Finance. Estimated budget for the year was E194,000.00, yet only E80,830.00 was released for the activity, thus causing the over expenditure.

Whilst, the over expenditure of E484,182.78 (19.5%) on Personnel Costs was caused by the payment of exit packages to former Minister of Justice and Constitutional Affairs and his support staff which was not budgeted for.

***Ministry Administration:***

The over expenditure of E3,656,845.81 (256%) on CTA Vehicle Charges under the Administration was as a result of insufficient funding received from the Ministry of Finance. The Ministry's Budget for the year was E4,630,569.00 yet the Ministry of Finance released funds amounting to E1,928,327.00 for the activity, thus causing the over expenditure.

Whilst, the over expenditure of E921,728.59 (18.4%) on Personnel Costs was caused by the payment of salaries to 16 Pupil Crown Counsel employed on contract basis, whose salaries were erroneously drawn from Centre 1102 instead of Centre 2301. The error has since been rectified in the current financial year 2019/2020.

***Law Office (2102):***

The over expenditure of E9,074,831,.49 (14.5%) on Personnel Costs under Law Office was caused by the payment of overtime claims for Prosecutors who work in Magistrate Courts during weekends and public holidays which are not budgeted for. Further, newly created positions for Prosecutors were filled during the year yet there was no budget provision.

***State Law Office (2301):***

The over expenditure of E87,485.16 (79.8%) on CTA Vehicle Charges was as a result of insufficient funds released by the Ministry of Finance. Approved budget was estimated at E263,108.00 and the released budget amounted to E197,110.16.

## 79.2 Under Expenditure on Recurrent Vote

I also noted that there was under expenditure amounting to E959,880.06 in the financial year under review. The breakdown of the under expenditure is depicted below:

Activity/Item	Budget Released (E)	Actual Expenditure (E)	Under Expenditure (E)	%
<b>Minister's Office</b>				
02 Travel, Transport and Communication	129,895.00	78,338.32	51,556.68	39.7%
<b>Ministry Administration</b>				
02 Travel, Transport and Communication	2,101,577.00	1,690,602.81	410,974.19	19.6%
06 Consumables Materials and Supplies	271,963.00	113,278.50	158,684.50	58.3%
<b>Law Office</b>				
00 CTA Vehicle Charges	142,965.00	112,609.37	30,355.63	21.2%
02 Travel, Transport and Communication	454,238.00	345,188.77	109,049.23	24.0%
<b>State Law Office</b>				
02 Travel, Transport and Communication	1,139,900.00	998,417.40	141,482.60	12.4%
06 Consumables Materials and Supplies	28,560.00	0.00	28,560.00	100.0%
<b>Registration</b>				
00 CTA Vehicle Charges	48,900.00	19,682.77	29,217.23	59.7%
<b>Total</b>	<b>4,317,998.00</b>	<b>3,358,117.94</b>	<b>959,880.06</b>	

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, therefore, consider under expenditures of 10% and above on capital projects in a year as not conducive to the development of the country.

**The Controlling Officer conceded that a proper reconciliation of all accounts was not properly performed at the end of the financial year to ensure that financial figures were correctly posted. She stated that this was mainly due to the shortage of staff in the Accounts Section resulting in improper handling of responsibilities. However, the Ministry will ensure that all the duties are performed diligently and will also make a follow up on the request for the filling and creation of accounting posts with the Treasury Department and Ministry of Public Service.**

**The Controlling Officer further stated that Ministry undertakes to avoid these anomalies in the future and also adhere to Financial and Accounting Instructions.**

## **80 Outstanding Payments- Arrears at year end**

I further communicated to the Controlling Officer, through a memorandum referenced J4 Vol. VIII/31 and dated 26<sup>th</sup> September 2019, that during the audit of Arrears (Detailed Statement of Liabilities) compiled by the Treasury Department, I noted that the Ministry had outstanding payments amounting to E4,795,269.33 as at 31<sup>st</sup> March 2019. Outstanding payments amounting to E676,000.48 were submitted to the Treasury Department for processing and reporting, while invoices and bills amounting to E4,119,268.85 were held by the Ministry and not submitted to the Treasury Department for payment processing and reporting.

Financial and Accounting Instruction number 0410, requires that the Controlling Officer should keep close control on all commitments, and enquiries should be made if a commitment does not become actual expenditure, within a reasonable time. Moreover, all outstanding debts should be reported to the Treasury Department at the end of each financial year in order to have them reported in the Financial Statements.

**The Controlling Officer acknowledged my findings as correct. She explained that the arrears to the amount of E4,078,992.36 held by the Ministry were not submitted to the Treasury Department for processing, mainly due to insufficient funding for Travel, Transport and Communication. She cited that during the year under review, funds amounting to E447,705.00 were allocated to the Ministry and reallocation of funds was made to cater for Travel, Transport and Communication but these funds were insufficient to cover all the arrears for telephone and cell phone bills that date back to 2017. The Ministry has therefore resolved to request for a supplementary budget to clear all the arrears. Pertaining the reporting of arrears to the Treasury Department, the Ministry has since submitted as required.**

## HEAD 47: ANTI-CORRUPTION COMMISSION

### **81 Outstanding Payments- Arrears at year end**

I communicated to the Controlling Officer, through a memorandum referenced A4 (B) Vol./19, and dated 26<sup>th</sup> September 2019, that during the audit of Arrears (Detailed Statement of Liabilities) compiled by the Treasury Department, I noted that the Anti-Corruption Commission had outstanding payments amounting to 1,066,444.58 as at 31<sup>st</sup> March 2019. Outstanding payments amounting to E700,399.79 were submitted to the Treasury Department for processing and reporting, while invoices and bills amounting to E366,044.79 were held by the Commission and not submitted to the Treasury Department for payment processing and reporting.

Financial and Accounting Instruction number 0410, requires that the Controlling Officer should keep close control on all commitments, and enquiries should be made if a commitment does not become actual expenditure, within a reasonable time. Moreover, all outstanding debts should be reported to the Treasury Department at the end of each financial year in order to have them reported in the Financial Statements.

**In his response referenced ACC/10/1/48 and dated 3<sup>rd</sup> October 2019, the Controlling Officer cited that the Commission has honoured all its commitments, hence, there were no outstanding financial obligations as at year-end.**

*The Controlling Officer provided evidence to substantiate this assertion. This indicates that the data from the Accountant General was not accurate. The Accountant General should reconcile the records with the Ministries and Departments so as to provide an accurate and true reflection of the outstanding payments.*

## HEAD 48: JUDICIARY

### **82 Audit of the Detailed Statement of Recurrent Expenditure**

An audit of the Detailed Statement of Recurrent Expenditure for the financial year ended 31<sup>st</sup> March 2019 was conducted and my findings were communicated to the Principal Secretary through a memorandum referenced J2 Vol. II/134, dated 27<sup>th</sup> September 2019. The Controlling Officer responded through a memorandum referenced JSC and dated 9<sup>th</sup> October 2019; however, the following issues remain reportable.

#### **82.1 Unauthorised Over Expenditure on Recurrent Vote**

During the audit of the Detailed Statement of Recurrent Expenditure for the financial year ended 31<sup>st</sup> March 2019, I observed that there were over expenditures amounting to E9,073,571.07 incurred: on CTA Vehicles Charges of E2,579,860.96; Personnel Costs of E4,073,340.04; and Professional and Special Services of E2,420,370.07. The details of the over expenditures are depicted below.

<b>Activity/item</b>	<b>Budget Released (E)</b>	<b>Actual Expenditure (E)</b>	<b>Over Expenditure (E)</b>	<b>%</b>
<b><u>Registrar of the High Court (11)</u></b>				
00 CTA Vehicle Charges	586,895.00	3,006,302.73	2,419,407.73	412%
01 Personnel Costs	12,378,948.00	16,452,288.04	4,073,340.04	33%
04 Professional and Special Services	7,264,729.00	9,685,099.07	2,420,370.07	33%
<b><u>Judiciary(12)</u></b>				
00 CTA Vehicle Charges	78,655.00	239,108.23	160,453.23	204%
<b>Total</b>			<b>9,073,571.07</b>	

Over expenditures beyond the budget released as appropriated by Parliament are not only unlawful but also result in serious repercussions in 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 in the Treasury Warrants.

**The Controlling Officer concurred with my findings on the over expenditures and furnished the following explanations:**

**The over expenditure on CTA Charges was as a result of inadequate budget and the allocation was consumed entirely by the replacement costs. She further stated that vehicles are used by Magistrates as they are required to visit several Circuit Courts weekly**

as well as the weekend Courts. Moreover, accounts officers from the office of the Master of the High Court are also required to travel weekly to the different regional offices to make payment of cheques.

The over expenditure on personnel costs was caused by the overtime for Magistrates and Clerks of Courts who preside over drunken driving cases during weekends, and the appointment of acting Judges of the Supreme Court, Industrial Court and Magistrates in a bid to reduce the backlog of cases experienced in the Courts. Weekends court proceedings are in compliance with section 21 of the Constitution and the rules of natural Justice, which makes it mandatory for matters to be heard within 48 hours.

While, the over expenditure on Professional and Special Services was as a result of inadequate budget to cater for utilities for the Judges in all the regions. Adding on to the over expenditure are the pro-deo payments which are too high. The budget also caters for security services, and the sitting allowances for both the Judiciary Service Commission and Industrial Court Members.

*The explanations of the Controlling Officer are acknowledged. However, I am not aware of any authority that allowed her to spend beyond the authorised budget limit, and any corrective measures undertaken by the Judiciary to strengthen the internal controls, and the assurance of their effectiveness to eliminate the occurrence of such over expenditure on CTA Vehicles Charges, Personnel Costs, and Professional and Special Services.*

## **82.2 Under Expenditure on Recurrent Vote**

I also noted that there was under expenditure amounting to E5,296,400.00 on Durables Material and Equipment incurred by Registrar of the High Court. The details of the under expenditure are depicted in the table below:

Activity/Item	Budget Released (E)	Actual Expenditure (E)	Under Expenditure (E)	%
07 Durables material and Equipment	7,082,357.00	1,785,957.00	5,296,400.00	74.8%

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, therefore, consider under expenditures of 10% and above on capital projects in a year as not conducive to the development of the country.

**With reference to the under expenditure, the Controlling Officer stated that this was due to the fact that the approval of the authority to pay was granted on 14<sup>th</sup> May 2019, hence there was no time to utilise it.**

### **83 Outstanding payments – Arrears at year end**

I communicated to the Controlling Officer, through a memorandum referenced J2 Vol. II/13, and dated 26<sup>th</sup> September 2019, that during the audit of Arrears (Detailed Statement of Liabilities) compiled by the Treasury Department, I noted that the Judiciary Service Unit had outstanding payments amounting to E6,460,735.07 as at 31<sup>st</sup> March 2019. Outstanding payments amounting to E3,684,321.13 were submitted to the Treasury Department for processing and reporting, while invoices and bills amounting to E2,776,413.94 were held by Judiciary and not submitted to the Treasury Department for payment processing and reporting.

Financial and Accounting Instruction number 0410, stipulates that the Registrar of the High Court should keep close control on all commitments, and enquiries should be made if a commitment does not become actual expenditure, within a reasonable time. Moreover, all outstanding debts should be reported to the Treasury Department at the end of each financial year in order to have them reported in the Financial Statements.

**In her response referenced JSC, dated 9<sup>th</sup> October 2019, the Controlling Officer stated that following the introduction of invoice portal, a number of errors occurred when capturing the data into the system due to the fact that officers were not well versed in capturing the information into the system, hence some invoices were duplicated and some paid invoices but not deleted.**

**Regarding the balance of un-submitted invoices was, she is aware of E2,699,639.96.**

*Though I acknowledge the response from the Controlling Officer, there was no evidence to substantiate this assertion. I am concerned about the duplication of invoices and paid invoices being deleted in the system, whereas one would expect that a duplicate invoice would be rejected by the system and a paid invoice would reflect as paid and remain in the system.*

## HEAD 49: CORRECTIONAL SERVICES

### **84 Audit of the Detailed Statement of Recurrent Expenditure**

An audit of the Detailed Statement of Recurrent Expenditure for the financial year ended 31<sup>st</sup> March 2019 was conducted and my findings were communicated to the Principal Secretary through a memorandum referenced P18 Vol. VI/61, dated 27<sup>th</sup> September 2019. The Controlling Officer responded through a memorandum referenced CHQ/60/15/Vol. I/16, dated 3<sup>rd</sup> October 2019; however, the following issues remain reportable.

#### **84.1 Unauthorised Over Expenditure on Recurrent Vote**

During the audit of the Detailed Statement of Recurrent Expenditure for the financial year ended 31<sup>st</sup> March 2019, I observed that there were over expenditures of E48,562,303.11 incurred on CTA Vehicles Charges, Personnel Costs, and Travel, Transport and Communication Costs. The details of the over expenditure are depicted in the table below.

<b>Item</b>	<b>Approved Estimate (E)</b>	<b>Released Expenditure (E)</b>	<b>Actual Expenditure (E)</b>	<b>Over Expenditure (E)</b>	<b>%</b>
00 CTA Vehicle Charges	19,339,880.40	19,139,874.00	33,702,428.82	14,562,554.82	76
01 Personnel Costs	209,662,973.00	212,227,940.00	245,435,441.13	<b>33,207,501.13</b>	16
02 Travel, Transport and Communication	705,969.00	698,032.00	1,490,279.16	<b>792,247.16</b>	114
<b>Total</b>				<b>48,562,303.11</b>	

#### **CTA Vehicle Charges:**

The over expenditure on CTA Vehicle Charges amounting to E14,562,554.82 was incurred by the Departmental Administration, Prisons, Training and Close Protection Unit, as illustrated in the following table:

<b>Department/Unit</b>	<b>Appropriated Budget (E)</b>	<b>Released Budget (E)</b>	<b>Actual Expenditure</b>	<b>Over Expenditure (E)</b>	<b>%</b>
Departmental Administration (11)	13,763,327.00	13,763,327.00	17,370,911.89	3,607,584.89	26%
Prisons (12)	4,420,496.00	4,420,491.00	13,805,452.41	9,384,961.41	212%
Training (13)	520,784.00	520,784.00	1,540,820.63	1,020,036.63	196%
Close Protection Unit (14)	435,272.00	435,272.00	985,243.89	549,971.89	126%
<b>Total</b>				<b>14,562,554.82</b>	76%

### Personnel Costs:

An over expenditure on Personnel Costs, amounting to E33,207,501.13 was incurred by the Prisons, Training, and Close Protection Departments/Units, as illustrated in the table below:

Department/Unit	Appropriated Budget (E)	Released Budget (E)	Actual Expenditure (E)	Over Expenditure (E)	%
Prisons (12)	133,593,932.00	135,176,404.00	149,387,507.79	14,211,103.79	10.5%
Training (13)	12,062,741.00	12,152,360.00	13,990,711.67	1,838,351.67	15.1%
Close Protection Unit (14)	64,006,300.00	64,899,176.00	82,057,221.67	17,158,045.67	26.4%
<b>Total</b>				<b>33,207,501.13</b>	

### Travel, Transport and Communication

An over expenditure amounting to E792,247.16 on Travel, Transport and Communication Costs was also noted, in the Training and Close Protection Unit. The breakdown of the over expenditure is depicted below:

Department/Unit	Appropriated Budget (E)	Released Budget (E)	Actual Expenditure (E)	Over Expenditure (E)	%
Training (13)	18,708.00	10,771.00	471,853.70	461,082.70	4281%
Close Protection Unit	687,261.00	687,261.00	1,018,425.46	331,164.46	48.2%
<b>Total</b>				<b>792,247.16</b>	

### Medical Drugs

I also observed that the drugs account was overspent by 43% above released budget funds. The details of the over expenditure are depicted in the following table:

Responsibility Centre	Budget Released (E)	Actual Expenditure (E)	Over Expenditure (E)	% of Over Expenditure
Departmental Administration (11)	25,748.00	53,433.59	27,685.59	107.5%
Prisons (12)	711,784.00	999,750.74	287,966.74	40.5%
<b>Total</b>	<b>737,532.00</b>	<b>1,053,184.33</b>	<b>315,652.33</b>	

Over expenditures beyond the budget provision and appropriated funds by Parliament are unlawful but also result in serious repercussions in 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 in the Treasury Warrants.

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

internal controls, and the assurance of their effectiveness to eliminate the occurrence of over expenditure on CTA Vehicles Charges, Personnel Costs, and Travel, Transport and Communication Costs.

**In her response referenced CHQ/60/15/Vol. I/16, dated 3<sup>rd</sup> October 2019, the Controlling Officer concurred with my findings. She acknowledged the over expenditure of E14,562,554.82 on CTA Vehicle Charges and explained that even though realistic draft estimates for the department's activities based on the mandate were submitted, the department was insufficiently allocated funds under this item. A recommendation of the Public Accounts Committee to the effect that an Issues Paper be presented that will seek to assist in terms of ensuring an increase in the budget so to avoid incurring of over expenditure on these items, but nothing has come of that. In an effort to avoid such over expenditure, mitigation plans were put in place to control abuse and misuse of vehicle but unfortunately, it continues. Permission to over spend was sought from the Ministry of Finance but it was unfortunately turned down, and response was communicated very late.**

**Mitigation plans for over expenditure, which were undertaken:**

- **The establishment of an internal anti-abuse office, which monitors the usage of vehicles by checking the vehicle logbooks and travelling authority;**
- **Vehicles are allocated monthly mileage;**
- **The use of communal transport for conveying officers to meetings;**
- **Centralised authorisation of transport; and**
- **Centralised authority to withdraw fuel.**

**With regard to the over expenditure of E33,207,501.13 on Personnel Costs, the Controlling Officer stated that it was cited at an activity level using a control item, but it was reconciled at the end of the financial year using Head 49 – control item, and an over expenditure of E36,007,562.50, which was 9% of the budget release was posted.**

**An over expenditure of E792,247.14 on Travel, Transport and Communication was cited from the activity level, Training Centre (1300) and Close Protection Unit (RCPU) (1400), whereas the department reconciled it at the end of the financial year using the Head 49 - Control Item. An over expenditure of E1,868,028.44 of the released budget was realised. This item was insufficiently allocated funds, whereas some of the trips are not within the ambit of the department and by their nature are unpredictable. Some controls that have been put in place, in an effort to mitigate the over expenditure, include:**

- **honouring only key invitations on international travel;**
- **reducing the number of delegations for travel; and**
- **stringent limits have been put on communication, and as such some of the departmental direct lines have been deactivated as well as the banning of calling cell phones using landlines.**

**The Controlling Officer concurred with my finding on the over expenditure of E315,652.33 on medical drugs, and explained that the over expenditure was as a result of a shortage of drugs which necessitated purchasing of same directly from the pharmaceuticals as opposed through the Government Central Medical Stores. On the advice of the Ministry of Health, when the situation normalised key drugs were procured and kept as a buffer stock.**

## **84.2 Under Expenditure on Recurrent Vote**

I also noted that there was under expenditure amounting to E1,945,754.84 on Travel, Transport, and Communication. The details of the under expenditure are depicted in the table below.

<b>Item</b>	<b>Approved Budget (E)</b>	<b>Released Funds (E)</b>	<b>Actual Expenditure (E)</b>	<b>Over Expenditure (E)</b>	<b>%</b>
02 Travel, Transport and Communication	2,302,547.40	13,707,240.00	11,761,485.16	1,945,754.84	14%

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, therefore, consider under expenditures of 10% and above on capital projects in a year as not conducive to the development of the country.

**In her response, the Controlling Officer concurred with my observation of an under expenditure of E1,945,754.84 on Travel, Transport and Communication Costs, and stated that it has to be placed on record that under this item, an over expenditure of E1,868,028.44 had been realised and the reasons for the over expenditure were already stated on the above item.**

*The response of the Controlling Officer does not give informed explanation to account for the under expenditure on Travel, Transport and Communication.*

## **85 Under expenditure on Capital Project P31599 – Rehabilitation of Prisons**

I also communicated to the Controlling Officer through a memorandum referenced P18 Vol. VI/59, and dated 24<sup>th</sup> September 2019 that, during the audit of the Detailed Statement of Capital Expenditure for the year ended 31<sup>st</sup> March 2019, I noted that there was an under expenditure incurred on Capital Project P31599 – Rehabilitation of Prisons, amounting to E1,764,709.10. The details of the under expenditure are depicted below.

<b>Project Name</b>	<b>Approved Budget (E)</b>	<b>Released Budget (E)</b>	<b>Actual Expenditure (E)</b>	<b>Under Expenditure (E)</b>	<b>%</b>
P31599 - Rehabilitation of Prisons	10,000,000.00	3,578,754.00	1,814,044.90	1,764,709.10	49%

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 utilised to finance essential programmes or projects, they would have contributed towards the development and economic growth of the country. I, therefore, consider under expenditures of 10% and above on capital projects in a year as not conducive to the development of the country.

**In her response referenced CHQ/60/15/Vol. I/5, dated 26<sup>th</sup> September 2019, the Controlling Officer concurred with my observation and cited that the project is being implemented by the Ministry of Public Works and Transport, which does all the paper work and payment. She said that, at the closing of the financial year, they had observed the under expenditure. This anomaly was formally communicated with the implementing Ministry, and it was ascertained that the under expenditure was in respect of a requisition form which was erroneously written "wrong figures" by the implementer when they requested funds to be released on the budget input form from the Ministry of Finance, hence the enquiry from the Ministry of Economic Planning and Development. When the anomaly was rectified by the Ministry of Public Works and Transport, it was discovered that the Ministry of Finance was unable to process the requisition as it was well after the end of the financial year 2018/2019.**

## **86 Outstanding Payments - Arrears at the year end**

I also communicated to the Controlling Officer through a memorandum referenced P18 Vol. VI/60, and dated 26<sup>th</sup> September 2019 that, I noted that the Ministry had outstanding payments amounting to E14,934,993.85 as at 31<sup>st</sup> March 2019. Outstanding payments amounting to E10,215,884.98 were submitted to the Treasury Department for processing and reporting, while invoices and bills amounting to E4,719,108.87 were held by the Ministry and not submitted to the Treasury Department for payment processing and reporting.

Financial and Accounting Instruction number 0410, stipulates that the Controlling Officer should keep close control on all commitments, and enquiries should be made if a commitment does not become actual expenditure, within a reasonable time. Moreover, all outstanding debts should be reported to the Treasury Department at the end of each financial year in order to have them reported in the Financial Statements.

**In her response referenced CHQ/60/15/Vol. I/16, dated 3<sup>rd</sup> October 2019, the Controlling Officer explained that the department did not have sufficient funds to pay for the bills. A supplementary budget was approved very late on March 2019, and as a result prepared batches could not be processed by the Treasury Department. Another reason for the non-**

**processing of the payment was that there is no officer from the Treasury Department who has been assigned to cross check batches from the Correctional Services. The batches which did not go through, were re-batched and paid this financial year 2019/2020.**

### **87 Irrecoverable Outstanding Revenue**

I further communicated to the Controlling Officer through a memorandum referenced A2/18/19/36, and dated 23<sup>rd</sup> September 2019, that the Consolidated Statement of Outstanding Revenue as at 31<sup>st</sup> March 2019, shows irrecoverable outstanding revenue of E394,385.74, which was also disclosed in the notes. This outstanding revenue are from the financial year ended 31<sup>st</sup> March 2016, and have been outstanding for a period of over four (4) years, without being recovered by the His Majesty's Correctional Services. An extract of the debts from the Consolidated Statement of Outstanding Revenue is illustrated in the following table:

<b>His Majesty's Correctional Services</b>	<b>Balance For 2015/2016</b>	<b>Balance For 2016/2017</b>	<b>Balance For 2017/2018</b>	<b>Outstanding Balance 2018/2019</b>
Overdue outstanding revenue	<b>E</b>	<b>E</b>	<b>E</b>	<b>E</b>
	394,385.74	394,385.74	394,385.74	394,385.74

I am concerned about the failure to explain the actions undertaken towards recovering these debts, which are now over four (4) years outstanding. The outstanding revenue should be recovered and should not be written off until all efforts and possible measures have been exhausted.

## HEAD 50: MINISTRY OF HOME AFFAIRS

### 88 Outstanding payments

I communicated to the Controlling Officer, through a memorandum referenced H22 Vol. II/5 and dated 26<sup>th</sup> September 2019, that during the audit of Arrears (Detailed Statement of Liabilities) compiled by the Treasury Department, I noted the Ministry had outstanding payments amounting to E81,021,110.28, as at 31<sup>st</sup> March 2019, which were submitted to the Treasury Department for processing and reporting.

Financial and Accounting Instruction number 0410, stipulates that the Controlling Officer should keep close control on all commitments, and enquiries should be made if a commitment does not become actual expenditure, within a reasonable time. Moreover, all outstanding debts should be reported to the Treasury Department at the end of each financial year in order to have them reported in the Financial Statements.

**In his response, the Controlling Officer stated that the Ministry was not aware of these outstanding payments. He further mentioned that the Ministry's budget was E79,914,200.00 and only E71,627,103.00 was released out of this budget, therefore, there was no way the Ministry could have outstanding payments amounting to E81,021,110.28 because the system was tailored such that it is not possible to commit beyond the released budget which was E71,627,103.00. The Controlling Officer requested my Office to revisit its source of data and also to share it with the Ministry.**

*The Controlling Officer was advised to consult the Accountant General for the source of data since my Office only audited information that was submitted by Accountant General. The Controlling Officer was also requested to reconcile the Ministry's records with the information that was submitted for audit purposes by the Accountant General.*

## HEAD 53: MINISTRY OF PUBLIC WORKS AND TRANSPORT

### **89 Audit of the Detailed Statement of Recurrent Expenditure**

An audit of the Detailed Statement of Recurrent Expenditure for the financial year ended 31st March 2019 was conducted and my findings were communicated to the Principal Secretary through a memorandum referenced P20 Vol. VIII/61 and dated 24<sup>th</sup> September 2019. The Ministry did not respond to the following audit queries; hence, contravened Financial and Accounting Instruction number 0315 (ii), which requires the Controlling Officer to reply promptly to audit queries.

#### **89.1 Unauthorised Over Expenditure on Recurrent Vote**

During the audit of the Detailed Statement of Recurrent Expenditure for the financial year ended 31<sup>st</sup> March 2019, I observed that over expenditures amounting to E52,246,171.00 were incurred by the Ministry: over expenditure on CTA Vehicle Charges was E40,474,481.00; and on Personnel Costs was E11,771,690.00, as shown in the following table.

<b>Responsibility Centre</b>	<b>Appropriated Budget (E)</b>	<b>Released Budget (E)</b>	<b>Actual Expenditure (E)</b>	<b>Over Expenditure (E)</b>	<b>%</b>
<b>Minister's Office (10)</b>					
00- CTA Vehicle charges	194,000.00	80,830.00	181,626.23	100,796.00	125
01-Personnel Costs	1,925,850.00	1,588,498.00	1,863,972.00	275,474.00	17
<b>Ministry Administration(11)</b>					
00-CTA Vehicle charges	13,253,823.00	5,784,920.00	16,333,229.00	10,548,309.00	190
01-Personnel Costs	14,465,890.00	14,637,248.00	26,133,464.00	11,496,216.00	80
<b>Roads Department (21)</b>					
00-CTA Vehicle charges	22,423,315.00	8,713,027.00	28,949,715.00	20,236,688.00	240
<b>Construction and Maintenance(42)</b>					
00-CTA Vehicle charges	4,837,470.00	1,945,094.00	8,600,681.00	6,655,587.00	350
<b>Road Transportation (44)</b>					
00-CTA Vehicle charges	759,547.00	316,470.00	3,224,156.00	2,907,686.00	920
<b>Civil Aviation(45)</b>					
00-CTA Vehicle charges	385,401.00	103,911.00	129,326.00	25,415.00	30
<b>Total</b>				<b>52,246,171.00</b>	

Over expenditures beyond the budget released as appropriated by Parliament are not only unlawful but also result in serious repercussions in 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 in the Treasury Warrants.

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 over expenditure on CTA Vehicle Charges and Personnel Costs.

## **89.2 Non-utilisation of Budget Released**

I also noted that there was non-utilisation of budget funds released amounting to E50,483.00 allocated to Civil Aviation Centre, on Personnel Costs, and Professional and Special Services, as illustrated below.

<b>Responsibility Centre</b>	<b>Appropriated Budget (E)</b>	<b>Released Budget (E)</b>	<b>Actual Expenditure (E)</b>	<b>Non-utilisation of Funds (E)</b>
<b>Civil Aviation (45)</b>				
01 - Personnel Costs	44,911.00	44,908.00	0	44,908.00
04 - Professional & Special Services	13,384.00	5,575.00	0	5,575.00
<b>Total</b>	<b>58,295.00</b>	<b>50,483.00</b>	<b>0</b>	<b>50,483.00</b>

The entire released budget was not utilised, resulting in non-utilisation of 100%. If released funds are unutilised they deprive other Government projects or programmes of funds for 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.

## **90 Central Transport Administration Trading Account – Appendix 86**

An audit of the Central Transport Administration Trading Account (CTA) for the financial year ended 31<sup>st</sup> March 2019 was conducted and my findings were communicated to the Principal Secretary through a memorandum referenced C49 Vol. II/17, dated 14<sup>th</sup> October 2019. However, the Ministry did not respond to the following audit queries; thus, contravened Financial and Accounting Instruction 0315 (ii), which states that the Controlling Officer should respond promptly to audit queries.

### **90.1 Purchase of firefighting specialised vehicle without a purchase order**

I reported to the Controlling Officer that a firefighting specialised vehicle worth E4,766,489.18 was purchased without being ordered by CTA. According to the analysis book which is used to register new Government Vehicles, this vehicle a Mercedes Atego model, with registration numbers GSD104FE, its chassis number being WDB97636420110708 and engine number 906916C1125264, was delivered on the 25<sup>th</sup> February 2019 through delivery note number 1856.

The vehicle was bought through Project P.349/70 which is a donor fund from the Republic of China on Taiwan, but an official purchase order was not issued by CTA to adhere to the Stores Regulations Part II, as a control measure and further to draw out the specifications and fixtures of the vehicle, which can be compared with its Delivery Note upon delivery of the vehicle.

I further drew the attention of the Controlling Officer to Stores Regulations Part II (Vehicle and Mechanical Plant Regulations) section 0302, which states that all approved requests for the purchase of vehicles mechanical plant items shall be submitted to the General Transport Manager who shall place orders with suppliers in accordance with approved Tender Board arrangements. Moreover, Financial and Accounting Instruction number 0316 (i) states that "An official order will be issued for the supply of all goods and services to Government".

I raised my concern to the Controlling Officer about the risk that if an official purchase order is not raised to request essential specifications and the desired fixtures of the firefighting vehicle, there may be no legal basis of compensation in the case of short supply of the essential specifications and fixtures of the vehicle.

I then advised the Controlling Officer to ensure that all approved requests for the purchase of vehicles and mechanical plant items, are submitted to the General Transport Manager who shall place orders with suppliers in accordance with Stores Regulations, Financial and Accounting Instructions and approved Tender Board arrangements.

### **90.2 CTA Department operating without a budget**

In my memorandum I reported to the Controlling Officer that the CTA Department continues to operate without a budget, I have raised this matter in my previous audits (2017 and 2018 financial years). An amount of E602,196,943.46 was spent by CTA in the 2018/2019 financial year as per the annual financial statement issued by the Treasury

Department. This effectively means that these funds were not budgeted for, as there was no formally approved budget for CTA for the financial year ended 31 March 2019.

Financial and Accounting Instruction number 0101, states that 'the Expenditure Estimates form the financial framework for the activities of the Government during the financial year and it is essential that they should be as accurate and realistic as possible and should cover all foreseeable expenditure. Controlling Officers are responsible for submitting to the Ministry of Finance draft estimates for the ensuring year and revised estimates for the current year in the form and by the dates notified each year by circular issued by the Ministry of Finance'.

I expressed my worry to the Controlling Officer that the CTA Department does not have a guide on how it should spend public funds, as such it is likely that the Department may spend without limit on any expenditure item. Moreover, without the budget, it is difficult to assess the value for money that the Department adds to the Government.

I then advised the Controlling Officer to ensure that CTA draft budget is officially presented to the Ministry of Public Works and Transport for onward transmission to the Ministry of Finance so, that their requirements for the following financial year are coordinated and authorised in an orderly fashion as Estimates of expenditure that explicitly form part of the Appropriation Bill and the Budget Estimates Book.

### **90.3 Unsupported receipt & issue of Government vehicles and mechanical plant**

I also reported to the Controlling Officer that purchased Government vehicle and mechanical plant amounting to E52,522,082.59 were received and issued without appropriate stores records. There were no signed delivery notes showing the name, designation and signature of the receiving officer as well as personal details for the officer authorising and issuing the assets to Transport Officers of various Ministries and Departments. There is no documentary evidence showing that the vehicles and mechanical plant were indeed received and rightfully distributed, hence the capital expenditure figure in the CTA Trading Account is unsupported.

The table below shows the vehicles and mechanical plants whose receipt and distribution was unsupported.

<b>Registration number</b>	<b>Order No</b>	<b>Date delivered</b>	<b>Make</b>	<b>Type</b>	<b>Price (E)</b>
GSD134FE	142338	09/08/2018	ATEGO	FIGHTER	4,637,615.93
GSD146WO	143553	09/04/2018	SUMITOMU	EXCAVATOR	4,067,206.50
GSD004WO	143553	09/04/2018	SUMITOMU	EXCAVATOR	4,067,206.50

Registration number	Order No	Date delivered	Make	Type	Price (E)
GSD100WO	143554	02/07/2018	HIRDOMEK	GRADER	3,237,942.00
GSD101WO	143554	02/07/2018	HIRDOMEK	GRADER	3,237,942.00
GSD711WO	143561	12/09/2018	ISUZU	TRUCK	2,730,998.40
GSD186WO	143564	25/05/2018	NISSAN	HORSE	1,624,861.43
GSD059WO	143558	26/04/2018	BOMAG	ROLLER	1,576,620.00
GSD067WO	143558	26/04/2018	BOMAG	ROLLER	1,576,620.00
GSD062WO	143559	26/04/2018	BOMAG	ROLLER	1,521,900.00
GSD140WO	143559	N/A	BOMAG	ROLLER	1,521,900.00
GSD204WO	143563	09/08/2018	NISSAN	TANKER	1,417,500.00
GSD210WO	143563	09/08/2018	NISSAN	TANKER	1,417,500.00
GSD220WO	143563	09/08/2018	NISSAN	TANKER	1,417,500.00
GSD232WO	143563	09/08/2018	NISSAN	TANKER	1,417,500.00
GSD082JU	144139	26/11/2018	TOYOTA		1,357,424.35
GSD381WO	143562	13/06/2018	NISSAN	TIPPER	1,305,300.00
GSD727WO	143562	13/06/2018	NISSAN	TIPPER	1,305,300.00
GSD688WO	143562	13/06/2018	NISSAN	TIPPER	1,305,300.00
GSD273WO	143562	13/06/2018	NISSAN	TIPPER	1,305,300.00
GSD052WO	143555	06/02/2018	MTSM542	TLB	1,155,971.14
GSD047WO	143555	06/02/2018	MTSM542	TLB	1,155,971.14
S233	141461	28/09/2018	Isuzu	LDV 4x4 s/c	411,483.50
S152	141461	28/09/2018	Isuzu	LDV 4x4 s/c	411,483.50
S223	141461	28/09/2018	Isuzu	LDV 4x4 s/c	411,483.50
S199	141461	28/09/2018	Isuzu	LDV 4x4 s/c	411,483.50
S298	141461	28/09/2018	Isuzu	LDV 4x4 s/c	411,483.50
S253	141461	28/09/2018	Isuzu	LDV 4x4 s/c	411,483.50
S246	141461	28/09/2018	Isuzu	LDV 4x4 s/c	411,483.50
S240	141461	28/09/2018	Isuzu	LDV 4x4 s/c	411,483.50
S239	141461	28/09/2018	Isuzu	LDV 4x4 s/c	411,483.50
S219	141461	28/09/2018	Isuzu	LDV 4x4 s/c	411,483.50
S225	141461	28/09/2018	Isuzu	LDV 4x4 s/c	411,483.50
S168	141461	28/09/2018	Isuzu	LDV 4x4 s/c	411,483.50
S169	141461	28/09/2018	Isuzu	LDV 4x4 s/c	411,483.50
S236	141461	28/09/2018	Isuzu	LDV 4x4 s/c	401,631.10
S235	141461	28/09/2018	Isuzu	LDV 4x4 s/c	401,631.10
S292	141461	28/09/2018	Isuzu	LDV 4x4 s/c	401,631.10
S293	141461	28/09/2018	Isuzu	LDV 4x4 s/c	401,631.10
S294	141461	28/09/2018	Isuzu	LDV 4x4 s/c	401,631.10
S295	141461	28/09/2018	Isuzu	LDV 4x4 s/c	401,631.10
S165	141461	28/09/2018	Isuzu	LDV 4x4 s/c	401,631.10
<b>Total</b>					<b>52,522,082.59</b>

I drew the attention of the Controlling Officer to the Stores Regulations Part II, chapter IV, section 0401 which states that "all new vehicles shall be received by the Central Transport Organisation at Mbabane unless the General Transport Manager approves other arrangements". Furthermore, section 0206 (a) of the Stores Regulations Part II, states that Departmental Transport Officers shall be responsible for the official taking over of vehicles and mechanical plant from the Central Transport Organisation together with any tools and equipment.

I am concerned that Government may pay for undelivered goods which may have a negative impact on the CTA Trading Account. Moreover, the vehicles' custodians may be untraceable after distribution since exercise books are used to record the distribution of the new Government vehicles.

I then advised the Controlling Officer to provide proof of delivery of the assets and tighten controls that will guarantee the safety of all assets.

**In his response, the General Transport Manager attached sample copies of the updated Government issuance form for vehicles, plant and equipment relating to vehicles distributed in the financial year 2019/2020.**

I observed that there was no updated Government issuance form for vehicles and mechanical plants distributed in the financial year 2018/2019.

### **91 Under Expenditure on Project T50699 – Construction of Bulembu-PPK Road and Project T51555 – Manzini-Mphandze MR3 Lot 1**

I also communicated to the Controlling Officer through a memorandum referenced P20 Vol. VIII/62, and dated 24<sup>th</sup> September 2019 that, during the audit of the Detailed Statement of Capital Expenditure for the financial year ended 31st March 2019, I noted that there was an under expenditure on two Capital Projects amounting to E22,025,051.00. The under expenditure on Project T50699 – Construction of Bulembu-PPK Road was 1,163,000.00, and E20,862,051.00 on Project T51555 – Manzini-Mphandze MR3 Lot 1. The details of the under expenditures on these Capital Projects are depicted in the table below:

<b>Project Name</b>	<b>Approved Budget (E)</b>	<b>Funds Released (E)</b>	<b>Actual Expenditure (E)</b>	<b>Under Expenditure (E)</b>	<b>%</b>
T50699 – Construction of Bulembu-PPK Road	30,000,000.00	5,007,444.00	3,844,444.00	1,163,000.00	23%
T51555 – Manzini-Mphandze MR3 Lot 1	490,000,000.00	151,260,010.00	130,397,959.00	20,862,051.00	14%
<b>Total</b>				<b>22,025,051.00</b>	

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 utilised to finance essential programmes or projects, they would have contributed towards the development and economic growth of the country. I, therefore, consider under expenditures of 10% and above on capital projects in a year, as not conducive to the development of the country.

**In her response dated 4<sup>th</sup> October 2019, with reference to Project T506/99 – Construction of Bulembu-PPK Road, the Controlling Officer explained that the Ministry had an approved allocation of E15,000,000.00 as opposed to the E30,000,000.00, and had planned to carry out two major activities namely: payment of project affected persons along the Pigg’s Peak – Bulandzeni (Magoga) road corridor; and payment of the Design Review stage of the project. The payment of project affected persons and first payment of the consultant engaged for the Design Review accounted for a total of E3,844,444.00, and the shortfall of E1,163,000.00 was caused by the consultant not completing works in the fourth quarter of the FY2018/2019, as intended. The consultant did not submit report until on the 12<sup>th</sup> June 2019.**

**There was no response with regard to the under expenditure of E20,862,051.00 on Project T51555 – Manzini-Mphandze MR3 Lot 1, the Ministry did not respond. Hence, violated Financial and Accounting Instruction number 0315(ii), which instructs Controlling Officers to reply promptly to audit queries.**

## **92 Outstanding Payments - Arrears at year end**

I further communicated to the Controlling Officer, through a memorandum referenced P20 Vol. III/63 and dated 26<sup>th</sup> September 2019, that during the audit of Arrears (Detailed Statement of Liabilities) compiled by the Treasury Department, I noted that the Ministry had outstanding payments totalling E509,270,017.00 as at 31<sup>st</sup> March 2019. Outstanding payments amounting to E262,739,754.85 were submitted to the Treasury Department for processing and reporting, while invoices and bills amounting to E246,530,262.15 were held by the Ministry and not submitted to the Treasury Department for payment processing and reporting.

I further noted that the Central Transport Administration (CTA) had outstanding payments totalling E95,764,473.37 as at 31<sup>st</sup> March 2019. Outstanding payments amounting to E77,135,323.98 were submitted to the Treasury Department for processing and reporting, while invoices and bills amounting to E18,629,149.39 were held by CTA and not submitted to the Treasury Department for payment processing and reporting.

Financial and Accounting Instruction number 0410, requires that the Controlling Officer should keep close control on all commitments, and enquiries should be made if a commitment does not become actual expenditure, within a reasonable time. Moreover, all outstanding debts should be reported to the Treasury Department at the end of each financial year in order to have them reported in the Financial Statements.

**The Controlling Officer did not respond to these audit queries; hence, violated Financial and Accounting Instruction number 0315 (ii), which requires Controlling Officers to reply promptly to audit queries.**

## **HEAD 56: MINISTRY OF SPORTS, CULTURE AND YOUTH AFFAIRS**

### **93 Outstanding Payments – Arrears at year end**

I communicated that to the Controlling Officer through a memorandum referenced S22 Vol. I/69 and dated 26<sup>th</sup> September 2019 that, during the audit of the Arrears (Detailed Statement of Liabilities) compiled by the Treasury Department, I noted that the Ministry had outstanding payments amounting to E9,402,865.07 as at 31<sup>st</sup> March 2019. Outstanding payments amounting to E3,500,000.00 were submitted to the Treasury Department for processing and reporting, while invoices and bills amounting to E5,902,865.07 were held by the Ministry and not submitted to the Treasury Department for payment processing and reporting.

Financial and Accounting Instruction number 0410, stipulates that the Controlling Officer should keep close control on all commitments and enquiries should be made if a commitment does not become actual expenditure within a reasonable time. Moreover, all outstanding debts should be reported to the Treasury Department at the end of each financial year in order to have them reported in the Financial Statements.

**In his response, the Controlling Officer cited that the Ministry was able to pay all its dues for the financial year under review. The Controlling Officer further mentioned that in the list of un-submitted invoices, there is an unpaid invoice for June 2019 from Eswatini Posts and Telecommunications Corporation, and a payment voucher for this bill had been prepared and would be paid in the first week of October 2019.**



Serving Public Interest

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

FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH 2019

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