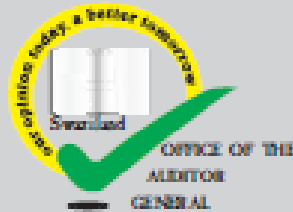




Office of the Auditor General



SERVING PUBLIC INTEREST

Report of the Auditor General for the Financial year ended 31st March 2017



KINGDOM OF SWAZILAND

REPORT OF THE AUDITOR GENERAL

ON THE

GOVERNMENT ACCOUNTS OF THE KINGDOM OF SWAZILAND

FOR THE FINANCIAL YEAR ENDED 31st MARCH 2017



KINGDOM OF SWAZILAND

Office of the Auditor General
P.O. Box 98
MBABANE
H100
Swaziland

Honourable M. G. Dlamini
Minister for Finance
P.O. Box 443
Mbabane
H100
Swaziland

Your Honourable,

In accordance with Section 207 (5) of the Constitution of Swaziland, I have pleasure and honour to submit my report on the Audit of the Accounts of the Government of Swaziland for the financial year ended 31st March, 2017.

Yours faithfully

M.E Dlamini
Acting Auditor General
Kingdom of Swaziland

Cc: The Speaker
House of Assembly in Parliament

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C E R T I F I C A T E

Audit Opinion on the Consolidated Financial Statements

Qualified Opinion

I have audited the financial statements of the Government of Swaziland for the year ended 31st March 2017. These financial statements comprise the Consolidated Statement of Assets and Liabilities, Surplus and Deficit Account, 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 CTA Trading Account, for the year then ended, and a Summary of Significant Accounting Policies and other Explanatory Information.

In my opinion, except for the effects of the matter(s) 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 Swaziland as at 31 March 2017, and of its financial performance and its cash flows for the year then ended in accordance with Generally Accepted financial reporting standards and the Finance Management and Audit Act, 1967, as amended in 1992.

Basis for Qualified Opinion

Assets and liabilities were significantly misstated in the Consolidated Statement of Assets and Liabilities due to wrong posting of debit and credit transactions to none corresponding entries, emanating from both system and human error.

A backlog in reconciliations of misstated account balances from previous years resulted in numerous errors in financial figures reported in the Consolidated Statement of Assets and Liabilities for the year 2016/2017. This was aggravated by system errors which had automatically doubled some transactions when the Treasury Annual Accounts were submitted for audit examination. As at the date of my audit report, Treasury management was still in the process of rectifying the system deficiencies and correcting the errors.

Consequently, the following accounting entries summarized below were materially misstated in the year under review: -

Assets

a) Misstatements in Bank Balances

Bank balances were misstated by E7,528,772,278.72 due to non-reconciliation between the Government cash books and bank statements. Some bank balances were overstated by E2,285,935,191.93 and othe bank account balances were understated by E5,242,837,086.79. thus, reflecting an incorrect cash flow position of the Government of Swaziland at year end.

b) Misstatements in Liabilities

Balances in the Detailed Statement of Liabilities were reported as debit entries amounting to E9,336,866,428.44 and credit entries amounting to E10,627,852,013.70, thus offsetting each other, resulting in a misstated balance of E1,290,985,585.26. Proper accounting requires that liabilities should have credit balances and contra balances are regarded as assets. Normally, assets and liabilities, and revenue and expenses, should not be offset unless required or permitted by accounting standards.

Further, the statement reported liabilities that were not supported by source documentation and reliable confirmation, that the Government of Swaziland had a present obligation, arising from past events, the settlement of which was expected to result in an outflow from the Government's resources, embodying economic benefits. I was unable to obtain sufficient appropriate audit evidence about these liabilities because I was deprived of source documentation and information which led to their classification as a present obligation.

c) Misstatements in Revenue

Revenue received in the year amounting to E766,372,060.67 was not disclosed in the Government Accounts for the year ended 31 March 2017.

d) Misstatements in Trading Accounts

I did not observe the counting of physical inventories of the Drugs Trading Account at the beginning and end of the year. I was unable to satisfy myself by alternative means concerning the inventory quantities held at 31st March 2017, which are stated in the Statement of the Drugs Trading Account as E95, 887,834.76. I observed that there was excess stock amounting to E36,284,838.70 which was not reflected in the Government Accounting System but was reflected in the Trading Account as a surplus.

Further, the Drugs Trading Account reflects the closing stock of E95, 887,834.76, as a liability and a credit balance in the Detailed Statement of Liabilities. There was also no evidence that the government had a present obligation to pay an amount of E95, 887,834.76 to any supplier of medical drugs.

Emphasis of Matter

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 financial reporting framework and does not present the Government accounts fairly in some accounting areas. My opinion is not modified in respect of this matter. However, I reiterate that as from 2019, Consolidated Annual Accounts of the Government of Swaziland should be prepared in accordance with International Public Sector Accounting Standards as required in section 10 (1) (c) of the Finance Management Act, 2017.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context 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.

Each financial year, I discover that some public funds are not disclosed in the government financial statements. For instance, farm inputs receipts amounting to E46, 516, 516.36 do not appear in government books of accounts, and also funds amounting to E21,731,000.00 which were transferred from the Ministry of Economic Planning's Budget to the Micro-Projects Coordination Unit's Administration Account, were not reported on.

Other matters

Besides the matters reported in this report, there were no other significant matters worth reporting in this section of the report.

Other Material Issues

Deficiencies in controls over compliance with laws and regulations, lack of adherence to budgetary requirements and spending authorities and inconsistent classification of codes for reporting budgetary and actual amounts are reported in part E of this report.

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

Management of the Treasury and Stores Department is responsible for the preparation and fair presentation of the financial statements in accordance with generally accepted accounting standards and the Finance Management and Audit Act number 18 of 1967, and for such internal control 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 Government of Swaziland's ability to continue as a going concern, disclosing, as applicable, matters related to the going concern and using the going concern basis of accounting.

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 scepticism 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

There were no other legal and regulatory responsibilities to separately report on the procurement practices followed by the auditee. However, there is need to create synergy between procurement audits performed by my office and those performed by the Swaziland Public Procurement Regulatory Agency (SPPRA) in order to minimise procurement fraud and corruption.



M.E Dlamini
Acting Auditor General
Kingdom of Swaziland

Unadjusted Financial Statements

APPENDIX 1

CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES AS AT 31st MARCH 2017

Assets	Consolidated Fund	Trust Funds	Consolidated Figures
	E	E	E
Bank Accounts	-5,938,737,414.44		-5,938,737,414.44
Cash Accounts	640,758,652.01		640,758,652.01
Employee Advances	309,365,491.38		309,365,491.38
Ministry and Departmental Advances	96,877,165.87		96,877,165.87
Other Advances	-6,059,624.37		-6,059,624.37
Sundry Investments	2,766,074,242.42		2,766,074,242.42
Other Investments	368,039,066.34		368,039,066.34
Treasury Bills	472,693,610.53		472,693,610.53
Fairview Township Fund		73,841.33	73,841.33
Police Reward Fund		90,795.14	90,795.14
Prison Officers Reward Fund		3,552.26	3,552.26
Ngwane Park Township		191,645.63	191,645.63
Disaster Relief Fund		29.64	29.64
Sibhimbi Fund		1,101,064.95	1,101,064.95
Water Relief Fund		869,394.24	869,394.24
Strategic Oil Reserves		180,688,766.31	180,688,766.31
Total Assets	-1,290,988,810.26	183,019,089.5	-1,107,969,720.76

Liabilities	Consolidated Fund	Trust Fund	Consolidated Figures
	E	E	E
Capital Funds	283,840,122.14		283,840,122.14
Capital Fund-Other	45,021,590.35		45,021,590.35
Other Capital Fund	-62,956,401.66		-62,956,401.66
Accounts Payable	944,480,275.61		944,480,275.61
Sundry Deposits	7,710,396.77		7,710,396.77
Customs	149,387,831.58		149,387,831.58
Special Fund	1,286,507,165.02		1,286,507,165.02

Accrued Liabilities and Deductions	-407,987,355.61		-407,987,355.61
Reserves	908,354,696.23		908,354,696.23
Treasury Bills	1,372,304,770.94		1,372,304,770.94
Government Stock	1,545,146,439.67		1,545,146,439.67
Special Fund Cont.	30,817,811.45		30,817,811.45
Special Fund Cont.	72,971,975.78		72,971,975.78
Consolidated Fund	-7,900,606,385.67		-7,900,606,385.67
Trading Accounts-Sundry	434,021,482.14		434,021,482.14
Equity for Trust Funds		183,019,089.50	183,019,089.50
Total liabilities	-1,290,985,585.26	183,019,089.50	-1,107,966,495.76

Notes to the Statement of Assets and Liabilities.

1. The Credit Capital Funds Figure reflect amounts receivable to Government from Donor Agencies.
2. There is a deliberate double accounting on the Trust Funds on both Assets and Liabilities sections of the balance sheet to ensure their disclosure while they are under trustship of Government.
3. Equity for Trust Funds is included in the Sundry Investments under Assets.
4. The trading account figure is a credit balance of E434,021,482.14 this financial year, yet last financial year, 2015/2016, it was E 2,237,167,007.05. This difference owes to the exchange adjustment account which has reduced tremendously.
5. Total pure consolidated fund amounts to E 7,900,606,385.67.
6. Bank Accounts have an overdrawn balance of E 5,938,737,414.44 this is because of on going reconcilliation.
7. The liabilities are overstated by an amount of E3,225.00 to the Assets due to Revenue receipted in March but posted in June 2017.

**STATEMENT OF SURPLUS AND DEFICIT
AS AT 31st MARCH 2017**

CAPITAL FUND			
	(E)		(E)
Balance b/d 01/04/16	235,979,111.69	Direct Expenditure	44,718,696.02
Receipts	182,321,845.51	Capital Expenditure	2,611,635,927.95
Local Fund	2,414,218,691.23	Balance as at 31/03/17	220,883,720.48
Direct Receipts	44,718,696.02		
	2,877,238,344.45		2,877,238,344.45

CONSOLIDATED FUND			
	(E)		(E)
Revenue	14,023,151,638.57	Balance as at 01/04/2016	4,518,906,685.61
		Recurrent Expenditure	14,990,632,647.40
Balance b/f 31/03/2017	7,900,606,385.67	Local fund capital contribution	2,414,218,691.23
	21,923,758,024.24		21,923,758,024.24

**STATEMENT OF RECEIPTS AND PAYMENTS
FOR THE YEAR ENDED 31st MARCH 2017**

CAPITAL FUND			
Balance in hand as at 1st April 2016	(E)	Balance overdrawn as at 1st April 2016	(E)
Solar School Lamp	2,099,760.00	Equipment of Portable Supply	127,618.00
Procurement of ICU - rural clinic equipment	16,894,500.00	Equipment of State Security	20,726.96
Consultancy at Sikhuphe Airport	8,761,305.86	Procurement of Med Equip & Furniture for TB Hospital	2,541,333.26
Communications Project at Correctional Services	6,723,800.00	New International Airport - Millenium Project(Taiwan)	21,912,000.00
Sikhuphe/Swd International Project	13,855,250.50	Rural Water Supply-Denmark Grant	37,945,861.96
Purchase of Furniture For School Science Lab	2,722,654.06	Mining Policy- Natural Resources (Taiwan Grant)	3,372,997.46
Purchase of Heavy Plant	20,025,374.20	Capital Investment Fund	20,993,267.88
Installation of Solar Power Light System	17,707,509.72	Purchase of Clinical Equipment for Correctional	90,000.00
Purchase of H/E Furniture for Primary School	3,067,513.40	Rehab. Of Rice Production Fields	92,863.18
Purchase of Furniture For Technical Subjects	3,877,537.92	National Elections	759,732.04
Purchase Of Learning Material Special Education	1,196,426.50	Feasibility study on strategic fuel depot	1,374,285.91
Procurement Of Computers For Govt thru MEPD	2,737,294.95	Expansion of Matsapha Dryport (taiwan)	939,858.44
Effective Use Of Technology	4,203,250.00	E.D.F. Miscellaneous Grants	1,267,693.60
Purchase Of Software For SWD Gov thru MEPD	420,328.36	Upgrading of Malolotja Nature Reserve(Taiwan)	4,897,652.07
Swaziland GOV Backloader	699,180.22	Lower Usuthu Project - Down steam project	32,365,000.00
Rural Eletrification 111 (Taiwan)	127,286,280.00	IFAD Small Holders Agric. Project	3,167,932.68
Swd Gov-Computer Software thru MEPD	403,096.19	Replacement of drilling rigs	3,025,901.00
Health Equipment to Hospitals clinics & Health Centrens	14,093,180.26	Training Centre	1,961,927.20
Purchase of Computers-Computers for Govt min	5,575,172.00	Review of Mining Legislation	1,280,876.00
Infrastrucure Development Lot 1 RSTP Projects	16,184,602.48	Farmers business	43,400,000.00

CAPITAL FUND			
Balance in hand as at 1st April 2016	(E)	Balance overdrawn as at 1st April 2016	(E)
-		-	
Solar Photovoltaic for govt buildings	16,535,599.57	Pre-Vocational Education Facilities	363,727.00
Purchase of Furniture for Primary Schools	1,424,284.65	Provision of equipment for hospitals	775,243.00
Biotechnology Park cert 4 & 5	89,471,965.37	Small Holder Credit Marketng (I.F.A.D.)	4,859,189.86
Purchase of Computers for Schools	4,890,420.25	Micro-Project - Small Scale (Japanese)	19,906,800.00
Water Supply to Schools VI	645,874.89	Health Services Dev Cs/swz/h012	200.00
SRA Document Management System	10,054,862.39	Mliba/Mafutseni Road	453,845.54
Replacement Of Transmission & Ancillary Equip.	270,806.08	Farm Machinery	504,027.87
Comprehensive Fish Survey M.O.A.G-(Taiwan)	142,088.51	Metreological Observing Equip.-Matsapha-Sikh.	153,262.47
Operatipn Equip for CMAC	138,691.23	Poverty Alleviation	85,965.34
Distance & Continuing Education Programme	4,278.53	Soil Testing & Chemistry Lab.	3,570,849.99
Procurement of Water Tanks for Schools	1,585,156.36	Komati Basin Project-Downstream Dev. (A.D.B.)	17,819,000.00
Luyengo Sicunusa Road Upgrading-Taiwan grant	2,577,243.92	Fuel Marking and quality assurance	12,895,845.88
Rural Settlement	18,441,159.91	Ethanol Blending	2,301,709.74
Rural Financial Review - MOAG	307,769.02	E.D.F Manzini Mbabane Road Section iii	990,200.07
Technical Assistance to SWACAA	8,317,060.00	A.D.B. Maphiveni Bridge	5,209,649.58
I.B.R.D. 3RD Loan Edu Project	904,301.19	Micro-project small scale v (Stanbex-Grant)	2,093,000.00
I.B.R.D. Loan No.1058 Water Supply	309,868.38	A.D.B. Loan Manzini Mbabane Road	500,000.00
Computerisation of Customs Data 11	5,045,532.25	A.D.B Loan Institutional Support Roads Branch	2,488,742.62
Replacement of medical equipment	229,757.25	Computerisation of Central Motor Registry	948,900.00
Procurement of Ambulances	1,332,696.88	Procurement of Digital Color Printing & Production	6,793,308.18
Computer for Rural Schools	7,151,848.02	Construction of School Computer Labs	2,068,800.00
Renovationof Bio-Tech Site Office	1,765,720.00	Uniform for RCPU	46,545.49
Purchase of Royal Guard Training Equipment	2,161,593.00	Procurement of ceremonial uniforms - RSP	11,438.78
Establishment of science & Tech. park (taiwan g)	27,534,410.97	Procurement of IDE Equipment - UNISWA	23,914.40
Biotech Supervision	1,515,186.00	Ntondozi Community Botanical Gardens	521,492.20

CAPITAL FUND			
Balance in hand as at 1st April 2016	(E)	Balance overdrawn as at 1st April 2016	(E)
-		-	
Computerisation of income tax mngt syst	4,611,483.89	Construction of Computer Labs in Rural Schools	4,703,209.98
Mobile Commerce Solution	3,808,931.49	Procurement Of Computers and printers for Fire services	423,620.45
Intergrated Enterprise System for Crimminal Justice	4,089,750.00	Rural Electrification	14,857,525.40
R.S.A Nsoko-Lavumisa	14,405.57	Water Supply to Schools	49.86
Implementation of the Diamond Act	1,635,900.00	Procurement & supply of computers & printers for Rural	2,808,990.43
High School Equipment US AID	2,458,240.00	Procurement of Bush Tenders/water tanks for Fire & Emerg	5,486,944.76
Computerisation of trading licences mangt syst	820,197.58	Biotechnology	105,016,154.19
Rural Water Supply 11 (Taiwan-Grant)	36,007,560.35		
Mlawula Nature Reserve Upgrading	1,249,647.40		
SWD National Herbarium Garden	6,484,416.90		
Mnjoli Dam (K F W) Loan	4,430,751.69		
Recording & Security Equip 4 High & Ind courts	643,014.00		
King Sobhuza ii Memoral Park	805,000.00		
Cataloguing of ROC of SWD Co-operation	260,430.82		
Procuremt 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	2,051,100.00		
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		
Security System-Ludzidzini Royal Residence	9,655,800.00		

CAPITAL FUND			
Balance in hand as at 1st April 2016	(E)	Balance overdrawn as at 1st April 2016	(E)
-		-	
Digital Orthophoto Mapping for SWD Surveyor General	2,543,233.60		
Procurement of Steel Bunk Beds	138,903.00		
Rehabilitation of the SWD National Handicraft Centre-Commerce	3,210,300.00		
Procurement of Furniture & Training Equipment-Public Service	52,951.46		
Automated Case Management System for SWASA Commerce	688,436.00		
Procurement of Office Equipment & Internet to Upgrade Parliament	685,938.99		
Rehabilitation of CODEC	1,734,600.00		
Procurement of two (2) RIV's for Fire & Emergency	281,493.53		
Procurement of Four (4) Ambulances for Fire & Emergency	278,448.49		
Procurement of Desktops Computers 7 Laptops for Government	2,341,092.81		
Construction of Computer Labs in Rural Schools	2,767,440.00		
Rural Electrification	14,702,400.00		
Diplomatic Directory Printing	1,839,195.71		
Installation of Solar Power Light System	4,335,536.36		
Construction of Rural Solar Street Lighting	5,817,240.00		
Procurement of Computers and printers for Rural Sch	3,807,648.00		
Security Surveillance Systems at Lozitha	5,730,251.11		
Support for Umhlanga Accident Victims	1,316,512.80		
Construction of Retirement Home for Elderly persons	152,841.50		
Computerisation of Tinkhundla Centres	3,118,276.80		
Rehabilitation of Codec Phase 2	1,213,434.77		
Procurement of Equip for Production of Diplomatic	3,457,873.00		
JA -Junior Archivers SWD Capacity	236,955.36		
Procurement of equip & constr. Of fish hatchery	1,422,833.15		
Procurement of Uniforms for Royal close protection	766,590.32		
Procurement of Ceremonial Uniform - RSP	301,280.04		
Procurement of computer & printers for Fire & Emerg	8,500.22		
Procurement of office Equipment for Gov of SWD	1,150,322.96		

CAPITAL FUND			
Balance in hand as at 1st April 2016	(E)	Balance overdrawn as at 1st April 2016	(E)
-		-	
	636,198,792.41		400,219,680.72
Receipts during the year		Payments during the year	
Local Funds	2,415,568,949.09	Local Funds	2,415,568,949.09
Procurement of Laptops for Govt	385,249.51	Renovation and exp of Mpisi breeding station	8,021.66
Procurement of Computers	7,256,970.08	Purchase of Computers, acc & printers for rural sec & pri sc	1,624,465.40
Procurement and Installation of Learning Equip		Construction of Computer labs in Rural Secondary Schools	17,982.56
for IDE (UNISWA) Final Payment	859,524.72	Purchase of equipment for schools science laboratories	907,974.66
Final Payment Enhancing Junior Achievement	137,158.20	Fuel Marking and Quality Assurance	3,421,395.29
Rehabilitation of NHTC and CODEC-Final Payment	1,419,803.93	Ethanol Blending	450,000.00
SADC Summit Hosting	13,179,150.00	Strategic Reserve Fuel Depot	47,153.18
Rural Electrification	17,572,200.00	Rural Electrification VI	22,298,566.56
Procurement of Communication System Equip		Solar Powered LED Lightening system at Ezulwini MR3 road	22,502.74
(Flagpoles, promotional materials)	2,577,256.00	Network of tinkhundla centres	8,497.56
Security Surveillance System Lozitha (RCPU)	9,520,187.44	Support to SADC Summit hosting	23,530,824.18
Renovat and expansion of Mpisi Pig Breeding Stati	2,005,416.00	Extension of Mananga Boarder post1	30,000,000.00
Automation of Six (6) Immigration Service centres	2,281,404.27	Automation of Six Immigration Service centres	1,296,794.34
Solar Powered LED Lighting System at Ezulwin MR3	5,625,684.98	Provision of Equipment to Hospitals, Clinics & Health centres	2,051,270.15
Installation of Security Surveillance Syst at Lozitha	2,640,778.21	Rehab. Of NHTC & Co-op Dev & education centre	2,911,544.76
Procure for the Equip of Military Police-VIP Escort	89,948.21	Enhancing Junior Achievers SD Capacity	99,000.00
1st payment for procure of furn & Equip for school		Procurement of four mortuary vehicles	1,574,088.34
Science laboratories	61,572.80	Proc Of Water Tankers For New Satellite Fire Stations	4,833,093.81

CAPITAL FUND			
<u>Balance in hand as at 1st April 2016</u>	(E)	<u>Balance overdrawn as at 1st April 2016</u>	(E)
-		-	
Procurement of furniture & Equipment for NHTC	1,902,940.05	Computers & Equipment for communications systems	143,347.00
Procurement of Computers and accessories for		CMR / Fleet Management System	612,381.00
Rural Schools-Final Payment	1,617,419.10	MANZINI-MBADLANE (MR3 LOT 1 & LOT 2)	83,065,389.03
Procure of Ambulances and Mort Vehicles for RSP	1,234,085.00	Procure of Communication system equip & prom items & flag	2,531,597.02
Construction of Computer Labs in Rural schools-		Procure of Basic Solid Waste Management Plant	12,700,000.00
Phase 2 Final Payment	4,495,639.28		
Rural Electrification	20,227,500.00		
Networkin of Tinkhundla Centres-1st paym (28.3%)	1,242,119.60		
Procurement of Equipment NHTC and CODEC	371,562.26		
Rehabilitation of Mbabane Govt Hospital Out- Patient Dept	33,698,417.49		
Procurement of three(3) Bush Tenders/ Fire Fighters for Fire Services	4,597,326.15		
Automation of Border Gates and Operationalizationof Mobile Service Unit	539,180.35		
Rehabilitation and Upgrading of KaGcina Barracks Youth Training Centre Project	1,767,531.00		
Procurem of Furniture and Equipment for schools Science laboratories	6,275,013.62		
Procurement of Communications system (Flagpoles & Promotional material)	605,660.00		
	2,559,755,647.34		2,609,724,838.33
Estimated Direct Receipts	44,718,696.02	Estimated Direct Payments	44,718,696.02
<u>Balance overdrawn as at 31st March 2017</u>		<u>Balance in hand as at 31st March 2017</u>	
Equipment of Portable Supply	127,618.00	Solar School Lamp	2,099,760.00
Procurement of Med Equip & Furniture for TB Hospital	2,541,333.26	National Maize Competition	454,251.35

CAPITAL FUND			
Balance in hand as at 1st April 2016	(E)	Balance overdrawn as at 1st April 2016	(E)
-		-	
New International Airport - Millenium Project(Taiwan)	21,912,000.00	Procurement of ICU - rural clinic equipment	16,894,500.00
Purchase of Clinical Equipment for Correctional	90,000.00	Consultancy at Sikhuphe Airport	8,761,305.86
Rehab. Of Rice Production Fields	92,863.18	Communications Project at Correctional Services	6,723,800.00
National Elections	759,732.04	Sikhuphe/Swd International Project	13,855,250.50
Feasibility study on strategic fuel depot	1,421,439.09	Purchase of Furniture For School Science Lab	9,830,366.59
Expansion of Matsapha Dryport (Taiwan)	939,858.44	Purchase of Heavy Plant	20,025,374.20
E.D.F. Miscellaneous Grants	1,267,693.60	Installation of Solar Power Light System	17,707,509.72
Upgrading of Malolotja Nature Reserve(Taiwan)	4,897,652.07	Purchase of H/E Furniture for Primary School	3,067,513.40
Lower Usuthu Project - Down steam project	32,365,000.00	Purchase of Furniture For Technical Subjects	3,877,537.92
IFAD Small Holders Agric. Project	3,167,932.68	Purchase Of Learning Material Special Education	1,196,426.50
Replacement of drilling rigs	3,025,901.00	Procurement Of Computers For Govt thru MEPD	2,737,294.95
Training Centre	1,961,927.20	Effective Use of Technology	4,203,250.00
Review of Mining Legislation	1,280,876.00	Purchase of Software for SWD Gov thru MEPD	420,328.36
Farmers business	43,400,000.00	Swaziland GOV Backloader	699,180.22
Pre-Vocational Education Facilities	363,727.00	Rural Eletrification 111 (Taiwan)	127,286,280.00
Provision of equipment for hospitals	775,243.00	Swd Gov-Computer Software thru MEPD	403,096.19
Small Holder Credit Marketng (I.F.A.D.)	4,859,189.86	Health Equipment to Hospitals clinics & Health Centres	12,041,910.11
Micro-Project - Small Scale (Japanese)	19,906,800.00	Purchase of Computers- Computers for Govt min	5,575,172.00
Health Services Dev Cs/swz/h012	200.00	Infrastrucure Development Lot 1 RSTP Projects	16,184,602.48
Mliba/Mafutseni Road	453,845.54	Solar Photovoltaic for govt buildings	16,535,599.57
Farm Machinery	504,027.87	Purchase of Furniture for Primary Schools	1,424,284.65
Metreological Observing Equip.- Matsapha-Sikh.	153,262.47	Biotechnology Park cert 4 & 5	89,471,965.37
Poverty Alleviation	85,965.34	Purchase of Computers for Schools	4,890,420.25

CAPITAL FUND			
Balance in hand as at 1st April 2016	(E)	Balance overdrawn as at 1st April 2016	(E)
-		-	
Soil Testing & Chemistry Lab.	3,570,849.99	Water Supply to Schools VI	645,874.89
Komati Basin Project-Downstream Dev. (A.D.B.)	17,819,000.00	Distance & Continuing Education Programme	863,803.25
Fuel Marking and quality assurance	16,317,241.17	Procurement of Water Tanks for Schools	1,585,156.36
Ethanol Blending	2,751,709.74	Luyengo Sicunusa Road Upgrading-Taiwan grant	2,577,243.92
E.D.F Manzini Mbabane Road Section iii	990,200.07	Rural Settlement	18,441,159.91
A.D.B. Maphiveni Bridge	5,209,649.58	Rural Financial Review - MOAG	307,769.02
Micro-project small scale v (Stanbex-Grant)	2,093,000.00	Technical Assistance to SWACAA	8,317,060.00
A.D.B. Loan Manzini Mbabane Road	500,000.00	I.B.R.D. 3RD Loan Edu Project	904,301.19
A.D.B Loan Institutional Support Roads Branch	2,488,742.62	I.B.R.D. Loan No.1058 Water Supply	309,868.38
Computerisation of Central Motor Registry	1,561,281.00	Computerisation of Customs Data 11	5,045,532.25
Procurement of Digital Color Printing & Production	6,793,308.18	Replacement of medical equipment	229,757.25
Construction of School Computer Labs	2,068,800.00	Procurement of Ambulances	1,332,696.88
Uniform for RCPU	46,545.49	Computer for Rural Schools	7,151,848.02
Procurement of ceremonial uniforms - RSP	11,438.78	Renovation of Bio-Tech Site Office	1,765,720.00
Procurement of IDE Equipment - UNISWA	23,914.40	Purchase of Royal Guard Training Equipment	2,161,593.00
Ntandozi Community Botanical Gardens	521,492.20	Establishment of science & Tech. park (taiwan g)	27,534,410.97
Construction of Computer Labs in Rural Schools	4,703,209.98	Biotech Supervision	1,515,186.00
Procurement Of Computers and printers for Fire services	423,620.45	Computerisation of income tax mngt syst	4,611,483.89
Rural Electrification	14,857,525.40	Mobile Commerce Solution	3,808,931.49
Water Supply to Schools	49.86	Intergrated Enterprise System for Crimmlal Justice	4,089,750.00
Procurement & supply of computers & printers for Rural	2,808,990.43	R.S.A Nsoko-Lavumisa	14,405.57
Equipment of State Security-Police Service	20,726.96	Implementation of the Diamond Act	1,635,900.00
Rehabilitation of CODEC	665,115.49	High School Equipment US AID	2,458,240.00
Biotechnology	105,016,154.19	Computerisation of trading licences mangt syst	820,197.58

CAPITAL FUND			
Balance in hand as at 1st April 2016	(E)	Balance overdrawn as at 1st April 2016	(E)
-		-	
Procu of Bush Tenders/Water Tanks for Fire & Emerg	6,846,539.33	Rural Water Supply 11 (Taiwan-Grant)	36,007,560.35
Procure of Communication syst equip, Promotion iter	97,688.02	Mlawula Nature Reserve Upgrading	1,249,647.40
SADC Summit	9,522,509.70	SWD National Herbarium Garden	6,484,416.90
Procurement of Ambulance and Mortuary Vehicles for	340,003.34	Mnjoli Dam (K F W) Loan	4,430,751.69
Procure of basic solid waste management pla	12,700,000.00	Recording & Security Equip 4 High & Ind courts	643,014.00
Expansion of Mananga Border Post1	30,000,000.00	King Sobhuza ii Memorial Park	805,000.00
Mining Policy-Natural Resources Taiwan Grant	3,372,997.46	Cataloguing of ROC of SWD Co-operation	260,430.82
Capital Investment Fund	20,993,267.88	Procuremt of Scuba Diving Equipment	108,469.22
UNICEF Rural Water	2,421,770.16	Correctional Services	5,096,500.00
UNFPA(United Nations Funf for Population Deve)	22,182.95	Swazi TV- Purchases of Cameras	259,712.89
Fish Hatcher Equipment	543,818.09	Construction of VIP Toilets in Rural Schools	384,488.70
Dialysis machine for Mankayane Hospital	313,500.00	Setting up RSP's Computer Lab Library	4,625,381.16
Rural Water Supply-Denmark grant	37,945,861.96	Rehabilitation of Gcina Barracks	3,818,631.00
		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
		Security System-Ludzidzini Royal Residence	9,655,800.00
		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	3,210,300.00
		Procurement of Furniture & Training Equipment-Public Service	1,955,891.51

CAPITAL FUND			
Balance in hand as at 1st April 2016	(E)	Balance overdrawn as at 1st April 2016	(E)
-		-	
		Automated Case Management System for SWASA Commerce	688,436.00
		Procurement of Office Equipment & Internet to Upgrade Parliament	685,938.99
		Procurement of two (2) RIV's for Fire & Emergency	281,493.53
		Procurement of Four (4) Ambulances for Fire & Emergency	278,448.49
		Procurement of Desktops Computers & Laptops for Government	2,341,092.81
		Construction of Computer Labs in Rural Schools	7,245,096.72
		Rural Electrification	34,760,473.44
		Diplomatic Directory Printing	1,839,195.71
		Installation of Solar Power Light System	9,938,718.60
		Construction of Rural Solar Street Lighting	5,817,240.00
		Procurement of Computers and printers for Rural Sch	3,800,601.70
		Security Surveillance Systems at Lozitha	5,730,251.11
		Support for Umhlanga Accident Victims	1,316,512.80
		Construction of Retirement Home for Elderly persons	152,841.50
		Computerisation of Tinkhundla Centres	4,351,898.84
		Rehabilitation of Codec Phase 2	1,584,997.03
		Procurement of Equip for Production of Diplomatic	3,457,873.00
		JA -Junior Archivers SWD Capacity	275,113.36
		Procurement of equip & constr. Of fish hatchery	1,422,833.15
		Procurement of Uniforms for Royal close protection	766,590.32
		Procurement of Ceremonial Uniform - RSP	301,280.04

CAPITAL FUND			
Balance in hand as at 1st April 2016	(E)	Balance overdrawn as at 1st April 2016	(E)
-		-	
		Procurement of computer & printers for Fire & Emerg	8,500.22
		Procurement of office Equipment for Gov of SWD	1,150,322.96
		Computerisation of Tinkhundla Schools	882,270.00
		Renovation and Expansion of Mpisi Pig breeding station	1,997,394.34
		Automation & Expansion of six(6)Immigration Service Centres	1,523,790.28
		Procurement of Equipment for the Military Police	89,948.21
		SRA Document management systems	10,054,862.39
		Replacement of Transmission & Ancillary Equip	270,806.08
		Comprehensive Fish Survey-MOAG Taiwan Grant	142,088.51
		Operation Equipment For CMAC	138,691.23
		Donor Funds-project & Trust Fund	99,798.56
		Traning Grant For Computer Department By Comparex	775,081.40
		National Vegetable Competition (NAVECO)	212,085.10
		UNICEF Birth and Death Registration	172,500.71
		Unifem-Gender Support Programme Fund	65,638.80
		Commonwealth Fund For Technical Co-operation	84,401.80
		Health Equipment	18,181,050.00
		Unfp-Climate Change National Communication	1,095,351.42
		REV FUND ACC For Agricultural Input	23,819,859.36
		Computers and Laptops For the Swaziland Government	569,168.22
		Surveillance System for all Pallaces (RCPU)	2,793,674.83

CAPITAL FUND			
<u>Balance in hand as at 1st April 2016</u>	(E)		<u>Balance overdrawn as at 1st April 2016</u>
			(E)
-			-
	462,736,792.51		728,642,103.34
	3,658,691,232.26		3,738,586,622.39

**STATEMENT OF PUBLIC DEBT
FOR THE YEAR ENDED 31st MARCH 2017**

Public Domestic Debt by Instrument and Holder

Item	Financier Type				Total (E)
	Central Bank (E)	Commercial Banks (E)	Non-Bank Financial Institutions (E)	Individuals & Other Sources (E)	
Government bonds					
Normal Program	845,000.00	616,827,700.00	1,801,604,000.00	138,890,000.00	2,558,166,700.00
Suppliers Bond	0.00	280,000,000.00	295,000,000.00	0.00	575,000,000.00
TOTAL	845,000.00	896,827,700.00	2,096,604,000.00	138,890,000.00	3,133,166,700.00
Treasury bills					
91 Days	627,248.03	615,248.03	64,893,558.57	55,060,200.55	736,256,271.53
182 Days	143,969.82	260,448,420.10	9,789,649.34	11,253,086.08	281,635,125.33
273 Days	179,188.83	225,893,042.10	58,431,472.78	5,624,139.84	290,127,843.55
364 Days	1,141,801.33	139,436,062.31	117,495,539.32	22,133,194.93	280,206,597.90
TOTAL	2,092,208.02	1,241,452,788.89	250,610,220.01	94,070,621.39	1,588,225,838.31
CBS Advance	1,100,000,000.00	0.00	0.00	0.00	1,100,000,000.00
TOTAL:	1,102,937,208.02	2,138,280,488.89	2,347,214,220.01	232,960,621.39	5,821,392,538.31

APPENDIX 11 continued

STATEMENT OF PUBLIC DEBT –EXTERNAL
AS AT 31ST MARCH 2017

Financier	Type of Financier	Loan Name	Loan No.	Currency	Hedging Status	Opening Balance as at 31/03/2016 (FX)	Principal payment (FX)	Interest Payment (FX)	Total Disbursement (FX)	Closing Balance as at 31/03/2017 (FX)	Spot rate (31/03/2017)	Closing Balance as at 31/03/2017 (E)	Particulars of Payments
						000s	000s	000s	000s	000s		000s	
BADEA	Multilateral	Nhlangano-Lavumisa	1999-10-01	USD	Hedged	962.00	636.00	24.50	0.00	326.00	13.3513	4 352.52	Capital and interest repayable in 28 semi-annual instalments commencing 1999-2017
BADEA	Multilateral	LUSIP	2003-02-02	USD	Unhedged	9 700.00	520.00	191.10	0.00	9 180.00	13.3513	122 564.93	Capital and interest repayable in 40 semi-annual instalments commencing 2003-2031
EIB	Multilateral	Human Resource Development	80294	EUR	Hedged	2 294.20	158.80	11.30	0.00	2 135.40	14.2645	30 460.41	Capital and interest repayable in 60 semi-annual instalments commencing 1978-2018

Financier	Type of Financier	Loan Name	Loan No.	Currency	Hedging Status	Opening Balance as at 31/03/2016 (FX)	Principal payment (FX)	Interest Payment (FX)	Total Disbursement (FX)	Closing Balance as at 31/03/2017 (FX)	Spot rate (31/03/2017)	Closing Balance as at 31/03/2017 (E)	Particulars of Payments
BOC	Bilateral	EXIM Bank of Republic of China ICC	6020408001	USD	Unhedged	13 600.00	0.00	272.30	18 600.00	32 200.00	13.3513	429 911.86	Capital and interest repayable in 40 consecutive and equal semi-annual instalments commencing 2015-2041
OFID	Multilateral	Lower Usuthu Water Supply Project	1455P	USD	Unhedged	4 607.40	0.00	0.00	1 221.60	5 829.10	13.3513	77 826.06	
USAID	Bilateral	Infrastructure 645-T-004A	050002045	USD	Hedged	518.10	67.60	15.00	0.00	450.50	13.3513	6 014.76	Capital and interest repayable in 61 constant and equal semi-annual instalments commencing 1979-2022
USAID	Bilateral	Infrastructure 645-T-004B	050002046	USD	Hedged	67.10	8.10	1.90	0.00	58.90	13.3513	786.39	Capital and interest repayable in 61 consecutive and equal semi-annual instalments commencing 1979-2023

Financier	Type of Financier	Loan Name	Loan No.	Currency	Hedging Status	Opening Balance as at 31/03/2016 (FX)	Principal payment (FX)	Interest Payment (FX)	Total Disbursement (FX)	Closing Balance as at 31/03/2017 (FX)	Spot rate (31/03/2017)	Closing Balance as at 31/03/2017 (E)	Particulars of Payments
USAID	Bilateral	Infrastructure 645-T-004C	050002047	USD	Hedged	600.40	72.50	17.50	0.00	527.80	13.3513	7 046.82	Capital and interest repayable in 61 constant and equal semi-annual instalments commencing 1979-2023
ADB	Multilateral	Ezulwini Water Supply and Sanitation	2000130011982	USD	Unhedged	1 950.30	0.00	20.90	4 116.30	6 066.60	13.3513	80 997.00	Capital and interest repayable in 30 constant and semi-annual instalments commencing 2014-2034
IBRD	Multilateral	Health HIV/AIDS	80190	USD	Unhedged	7 734.60	561.10	96.30	3 982.80	11 156.30	13.3513	148 951.11	Capital and interest repayable in 30 semi-annual and consecutive payments commencing 2011-2030
IBRD	Multilateral	Local Government	80030	USD	Unhedged	14 265.90	963.00	175.40	712.70	20 429.90	13.3513	272 765.72	Capital and interest repayable in 30 semi-annual and consecutive payments

Financier	Type of Financier	Loan Name	Loan No.	Currency	Hedging Status	Opening Balance as at 31/03/2016 (FX)	Principal payment (FX)	Interest Payment (FX)	Total Disbursement (FX)	Closing Balance as at 31/03/2017 (FX)	Spot rate (31/03/2017)	Closing Balance as at 31/03/2017 (E)	Particulars of Payments
													commencing 2011-2030
ICDF	Multilateral	Two International Road	SWZ-01-0611	USD	Hedged	539.10	215.60	19.70	0.00	323.40	13.3513	4 317.81	Capital and interest repayable in 30 consecutive and semi-annual payments commencing 1998-2018
IFAD	Multilateral	Smallholder Market-led Project (SMLP)	200000112600	EUR	Unhedged	0.00	0.00	0.00	400.00	400.00	14.2645	5 705.80	Capital and interest repayable in 36 constant and semi-annual payments commencing 2016-2036
BADEA	Multilateral	Skhuphe Access Road	1999-10-01	USD	Unhedged	5.90	0.30	146.50	0.00	5 660.30	13.3513	75 572.36	Capital and interest repayable in 36 consecutive and semi-annual payments

Financier	Type of Financier	Loan Name	Loan No.	Currency	Hedging Status	Opening Balance as at 31/03/2016 (FX)	Principal payment (FX)	Interest Payment (FX)	Total Disbursement (FX)	Closing Balance as at 31/03/2017 (FX)	Spot rate (31/03/2017)	Closing Balance as at 31/03/2017 (E)	Particulars of Payments
													commencing 2006-2032
Kuwait	Bilateral	Mbadlane-Skhuphe	907	KD	Unhedged	2 876.60	216.00	86.80	0.00	2 660.60	42.4888	113 045.70	Capital and interest repayable in 34 semi-annual payments commencing 2009-2029
Kuwait	Bilateral	Manzini-Mbadlane	907	KD	Unhedged	1 097.40	0.00	30.10	1 689.50	2 786.80	42.4888	118 407.79	Capital and interest repayable in 32 semi-annual equal payments commencing 2015-2035
EIB	Multilateral	Main Irrigation Canal	80016	EUR	Hedged	333.20	132.50	3.00	0.00	200.70	14.2645	2 862.89	Capital and interest repayable in 60 semi-annual instalments commencing 1989-2029

Financier	Type of Financier	Loan Name	Loan No.	Currency	Hedging Status	Opening Balance as at 31/03/2016 (FX)	Principal payment (FX)	Interest Payment (FX)	Total Disbursement (FX)	Closing Balance as at 31/03/2017 (FX)	Spot rate (31/03/2017)	Closing Balance as at 31/03/2017 (E)	Particulars of Payments
IFAD	Multilateral	LUSIP	L-I-574-SZ	XDR	Unhedged	3 815.10	636.00	24.10	0.00	3 179.10	18.0189	57 283.93	Capital and interest repayable in 30 equal and semi-annual payments commencing 2003-2022
IFAD	Multilateral	Rural Finance	L-I 764-SZ	XDR	Unhedged	2 851.70	270.00	18.50	138.90	2 720.70	18.0189	49 024.06	Capital and interest repayable in 30 equal and semi-annual payments commencing 2010-2028
USAID	Bilateral	Infrastructure 645-K-003A	050002042	USD	Hedged	143.80	34.40	4.10	0.00	109.40	13.3513	1 460.63	Principal is calculated after 3% of interest is computed so that each total payment is constant commencing 1978-2019
EIB	Multilateral	LUSIP	21990	EUR	Unhedged	10 702.80	1 528.90	316.90	0.00	9 173.80	14.2645	130 859.67	Capital and interest repayable in 30 semi-annual instalments commencing 2003-2022

Financier	Type of Financier	Loan Name	Loan No.	Currency	Hedging Status	Opening Balance as at 31/03/2016 (FX)	Principal payment (FX)	Interest Payment (FX)	Total Disbursement (FX)	Closing Balance as at 31/03/2017 (FX)	Spot rate (31/03/2017)	Closing Balance as at 31/03/2017 (E)	Particulars of Payments
OFID	Multilateral	Sicunusa-Nhlangano	1268P	USD	Unhedged	4 909.70	833.30	164.60	2 184.20	6 260.60	13.3513	83 587.15	Capital and interest repayable in 30 constant and equal semi-annual payments commencing 2009-2028
OFID	Multilateral	Sicunusa-Nhlangano	1269PB	USD	Unhedged	4 895.90	376.70	65.90	2 184.20	6 703.50	13.3513	89 500.44	Capital and interest repayable in 28 constant and equal semi-annual payments commencing 2009-2028
EXIM	Bilateral	LOC USD20 Million	HOLCGU SD00000 356	USD	Unhedged	18 898.20	26 665.00	259.90	1 100.10	17 331.80	13.3513	231 402.06	Capital and interest repayable in 20 consecutive and semi-annual payments ending in 2023
EXIM	Bilateral	LOC USD37.9 Million	HOLCGU SD00000 374	USD	Unhedged	0.00	0.00	396.70	0.00	0.00	13.3513	0.00	Capital and interest repayable in 13 consecutive and semi-annual

Financier	Type of Financier	Loan Name	Loan No.	Currency	Hedging Status	Opening Balance as at 31/03/2016 (FX)	Principal payment (FX)	Interest Payment (FX)	Total Disbursement (FX)	Closing Balance as at 31/03/2017 (FX)	Spot rate (31/03/2017)	Closing Balance as at 31/03/2017 (E)	Particulars of Payments
													payments ending in 2021
KOBWA	Commercial	Maguga Dam (GENSEC)	GENSEC	ZAR	N/A	9 652.40	9 652.40	13 997.00	0.00	0.00	1.0000	0.00	Capital and interest repayable in 30 consecutive and semi-annual payments ending in 2016
KFW	Bilateral	Rehabilitation of Hlathikhulu Hospital	122919	EUR	Hedged	1 439.80	77.70	10.70	0.00	1 362.10	14.2645	19 429.68	Principal payment constant until loan matures commencing 1994-2034
KFW	Bilateral	Rehabilitation of Hlathikhulu Hospital	4264606	EUR	Hedged	435.60	124.80	8.10	0.00	310.90	14.2645	4 434.83	Principal payment constant until loan matures commencing 1994-2034

Financier	Type of Financier	Loan Name	Loan No.	Currency	Hedging Status	Opening Balance as at 31/03/2016 (FX)	Principal payment (FX)	Interest Payment (FX)	Total Disbursement (FX)	Closing Balance as at 31/03/2017 (FX)	Spot rate (31/03/2017)	Closing Balance as at 31/03/2017 (E)	Particulars of Payments
KFW	Bilateral	Matsapha Industrial Site	1696043	EUR	Hedged	692.30	59.30	13.50	0.00	632.90	14.2645	9 028.00	Principal payment constant until loan matures commencing 1998-2027
KFW	Bilateral	Matsapha Industrial Site	1699250	EUR	Hedged	318.02	14.30	2.40	0.00	303.70	14.2645	4 332.13	Principal payment constant until loan matures commencing 1998-2038
KFW	Bilateral	Matsapha Industrial Site	4283554	EUR	Hedged	1 946.50	133.90	14.40	0.00	1 812.50	14.2645	25 854.41	Principal payment constant until loan matures commencing 1991-2030
KFW	Bilateral	Matsapha Industrial Site	4283562	EUR	Hedged	1 067.60	237.20	20.20	0.00	830.30	14.2645	11 843.81	Principal payment constant until loan matures commencing 1991-2020
KOBWA	Commercial	Maguga Dam (HAMBROS)	HAMBROS	ZAR	N/A	150 000.00	0.00	20 250.00	0.00	150 000.00	1.0000	150 000.00	Pay interest semi-annually until 2027

Financier	Type of Financier	Loan Name	Loan No.	Currency	Hedging Status	Opening Balance as at 31/03/2016 (FX)	Principal payment (FX)	Interest Payment (FX)	Total Disbursement (FX)	Closing Balance as at 31/03/2017 (FX)	Spot rate (31/03/2017)	Closing Balance as at 31/03/2017 (E)	Particulars of Payments
ADB	Multilateral	Mafutseni-Mliba Road	2100150000921	CHF	Hedged	293.10	10.50	2.20	0.00	282.60	13.3333	3 767.99	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	Multilateral	Mafutseni-Mliba Road	2100150000921	EUR	Hedged	719.70	34.30	5.40	0.00	685.40	14.2645	9 776.89	Commencing 1987-2037
ADB	Multilateral	Mafutseni-Mliba Road	2100150000921	DKK	Hedged	1 455.90	69.30	10.90	0.00	1 386.50	1.8723	2 595.97	Commencing 1987-2037
ADB	Multilateral	Mafutseni-Mliba Road	2100150000921	JPY	Hedged	10 609.60	505.20	79.50	0.00	10 104.40	0.1193	1 205.45	Commencing 1987-2037
ADB	Multilateral	Mafutseni-Mliba Road	2100150000921	NOK	Hedged	1 783.20	84.90	13.40	0.00	1 698.30	1.5208	2 582.77	Commencing 1987-2037
ADB	Multilateral	Mafutseni-Mliba Road	2100150000921	SEK	Hedged	806.10	38.40	6.00	0.00	767.70	1.4581	1 119.38	Commencing 1987-2037
ADB	Multilateral	Mafutseni-Mliba Road	2100150000921	USD	Hedged	834.10	39.70	6.20	0.00	794.40	13.3513	10 606.27	Commencing 1987-2037
ADB	Multilateral	Education 1	2100150000924	CHF	Hedged	1 569.30	55.10	11.80	0.00	15 142.30	13.3333	201 896.83	Commencing 1994-2044
ADB	Multilateral	Education 1	2100150000924	EUR	Hedged	4 689.70	164.50	35.20	0.00	4 525.20	14.2645	64 549.72	Commencing 1994-2044
ADB	Multilateral	Education 1	2100150000924	JPY	Hedged	364.10	12.80	2.70	0.00	351 295.10	0.1193	41 909.51	Commencing 1994-2044
ADB	Multilateral	Education 1	2100150000924	USD	Hedged	1 045.60	36.70	7.80	0.00	1 008.90	13.3513	13 470.13	Commencing 1994-2044

Financier	Type of Financier	Loan Name	Loan No.	Currency	Hedging Status	Opening Balance as at 31/03/2016 (FX)	Principal payment (FX)	Interest Payment (FX)	Total Disbursement (FX)	Closing Balance as at 31/03/2017 (FX)	Spot rate (31/03/2017)	Closing Balance as at 31/03/2017 (E)	Particulars of Payments
ADB	Multilateral	Education 1	2100150000924	GBP	Hedged	261.30	9.20	1.90	0.00	252.10	16.6324	4 193.03	Commencing 1994-2044
ADB	Multilateral	Two International Roads	2000190000062	EUR	Hedged	19.60	19.60	1.80	0.00	0.00	14.2645	0.00	Commencing 1994-2044
ADB	Multilateral	Two International Roads	2000190000062	USD	Hedged	2 146.00	2 146.00	163.50	0.00	0.00	13.3513	0.00	Commencing 1997-2017
ADB	Multilateral	Road Rehabilitation Study	2100150000926	JPY	Hedged	399 356.90	16 993.90	29 931.00	0.00	382 363.00	0.1193	45 615.91	Commencing 1989-2039
ADB	Multilateral	Road Rehabilitation Study	2100150000926	USD	Hedged	982.90	41.80	7.40	0.00	941.10	13.3513	12 564.91	Commencing 1989-2039
ADB	Multilateral	Road Network Studies	2100150000928	USD	Hedged	1 082.20	50.30	0.00	0.00	1 031.80	13.3513	13 775.87	Commencing 1987-2037
ADB	Multilateral	Mbabane-Mhlambanyatsi Road	2100150000925	JPY	Hedged	2 410.60	107.10	18.10	0.00	2 303.50	0.1193	274.81	Commencing 1988-2038
ADB	Multilateral	Mbabane-Mhlambanyatsi Road	2100150000925	USD	Hedged	4 414.60	196.20	33.10	0.00	4 218.40	13.3513	56 321.12	Commencing 1988-2038
ADB	Multilateral	Transport Sector Project	2100150000927	CHF	Hedged	78 845.08	5 645.52	583.97	0.00	73.20	13.3333	976.00	Commencing 1993-2043
ADB	Multilateral	Transport Sector Project	2100150000927	EUR	Hedged	3 304.20	122.40	24.80	0.00	3 181.80	14.2645	45 386.79	Commencing 1993-2043
ADB	Multilateral	Transport Sector Project	2100150000927	JPY	Hedged	170 844.90	6 327.60	1 281.00	0.00	164 517.30	0.1193	19 626.91	Commencing 1993-2043
ADB	Multilateral	Transport Sector Project	2100150000927	USD	Hedged	5 018.90	185.90	37.60	0.00	4 833.10	13.3513	64 528.17	Commencing 1993-2043
ADB	Multilateral	Mkhondvo-Mahamba Road	2100150000922	USD	Hedged	2 964.60	160.20	22.20	0.00	2 804.30	13.3513	37 441.05	Commencing 1984-2034

Financier	Type of Financier	Loan Name	Loan No.	Currency	Hedging Status	Opening Balance as at 31/03/2016 (FX)	Principal payment (FX)	Interest Payment (FX)	Total Disbursement (FX)	Closing Balance as at 31/03/2017 (FX)	Spot rate (31/03/2017)	Closing Balance as at 31/03/2017 (E)	Particulars of Payments
ADB	Multilateral	Mkhondvo-Mahamba Road	2100150000923	USD	Hedged	3 213.80	247.20	24.00	0.00	2 966.50	13.3513	39 606.63	Commencing 1984-2034
EIB	Multilateral	Vocational Training	80206	EUR	Hedged	920.40	89.10	6 736.28	0.00	831.30	14.2645	11 858.08	Capital and interest repayable in 60 semi-annual instalments commencing 1986-2026
ICDF	Multilateral	LUSIP	SWZ-01-0511	USD	Unhedged	2 941.20	294.10	102.30	0.00	2 647.00	13.3513	35 340.89	Capital and interest repayable in 34 consecutive semi-annual instalments commencing 2003-2026
Abu Dhabi	Bilateral	Manzini-Mbadlane		AED	Unhedged	9 689.10	0.00	0.00	14 328.30	24 017.50	3.5318	84 825.01	Capital and interest repayable in 26 consecutive semi-annual instalments commencing 2015-2031
ADB	Multilateral	Manzini-Mbadlane	2000130011930	USD	Unhedged	41.90	0.00	0.00	624.90	666.80	13.3513	8 902.65	Commencing 2014-2034
ADB	Multilateral	NTF KOMATI Downstream Development Project	2200160000131	USD	Unhedged	5 285.10	422.80	210.60	0.00	4 862.30	13.3513	64 918.03	Commencing 2008-2023

Financier	Type of Financier	Loan Name	Loan No.	Currency	Hedging Status	Opening Balance as at 31/03/2016 (FX)	Principal payment (FX)	Interest Payment (FX)	Total Disbursement (FX)	Closing Balance as at 31/03/2017 (FX)	Spot rate (31/03/2017)	Closing Balance as at 31/03/2017 (E)	Particulars of Payments
ADB	Multilateral	LUSIP	2000130000330	ZAR	N/A	52 946.70	6 618.30	3 960.00	0.00	46 328.40	1.0000	46 328.40	Capital and interest repayable in 38 consecutive constant semi-annual payments commencing 2016-2040
ADB	Multilateral	Two International Roads (Supplementary)	2000130000016	ZAR	N/A	41 122.10	7 476.70	3 328.80	0.00	33 645.30	1.0000	33 645.30	Capital and interest repayable in 30 consecutive semi-annual instalments commencing 1997-2017
ADB	Multilateral	Mbabane Bypass Road	2000130000118	ZAR	N/A	180 830.40	22 603.80	18 023.90	0.00	158 226.60	1.0000	158 226.60	Commencing 2008-2024
ADB	Multilateral	KOMATI Downstream Development Project	2000130000083	ZAR	N/A	62 675.50	8 356.70	4 882.70	0.00	54 318.70	1.0000	54 318.70	Commencing 1978-2019
USAID	Bilateral	USAID Infrastructure 645-K-003B	050002043	USD	Hedged	622.20	171.20	17.40	0.00	450.90	13.3513	6 020.10	Commencing 1978-2019
WB	Multilateral	IDA Education	0518-0SW	USD/GBP	Unhedged	1 266.30	148.90	21.20	0.00	1 117.30	13.3535	14 919.85	Overall maturity is 40 years commencing 1974-2024

Financier	Type of Financier	Loan Name	Loan No.	Currency	Hedging Status	Opening Balance as at 31/03/2016 (FX)	Principal payment (FX)	Interest Payment (FX)	Total Disbursement (FX)	Closing Balance as at 31/03/2017 (FX)	Spot rate (31/03/2017)	Closing Balance as at 31/03/2017 (E)	Particulars of Payments
OFID	Multilateral	Manzini-Mbadlane	1631P	USD	Unhedged	0.00	0.00	0.00	6 694.30	6 694.30	13.3513	89 377.61	Capital and interest repayable in 30 semi-annual equal instalments commencing 2015-2034
JICA	Bilateral	Northern Main Roads MR5 & MR6	SW-P1	JPY	Hedged	2 611 110.00	174 074.00	56 636.50	0.00	2 437 036.00	0.1193	290 738.39	Capital and interest repayable in 30 consecutive semi-annual instalments commencing 2001-2031
JICA	Bilateral	Northern Main Roads MR5 & MR6	SW-P1A	JPY	Hedged	691 250.00	27 650.00	5 146.30	0.00	663 600.00	0.1193	79 167.48	Overall maturity is 40 years commencing 2001-2041
BADEA	Multilateral	Manzini-Mbadlane	1999-10-01	USD	Unhedged	1 613.70	0.00	74.60	2 273.50	3 887.20	13.3513	51 899.17	Capital and interest repayable in 36 consecutive semi-annual instalments commencing 2015-2038
BADEA	Multilateral	Sicunusa-Nhlangano	1999-10-01	USD	Unhedged	3 323.20	357.00	93.70	882.00	3 848.20	12.9550	49 853.43	Commencing 2009-2034

Financier	Type of Financier	Loan Name	Loan No.	Currency	Hedging Status	Opening Balance as at 31/03/2016 (FX)	Principal payment (FX)	Interest Payment (FX)	Total Disbursement (FX)	Closing Balance as at 31/03/2017 (FX)	Spot rate (31/03/2017)	Closing Balance as at 31/03/2017 (E)	Particulars of Payments
EXIM	Bilateral	LOC USD37.9 Million	HOLCGU SD00000 374	USD	Unhedged	26 314.40	5 830.80	0.00	4 524.50	25 008.20	13.3513	333 891.98	Capital and interest repayable in 13 consecutive semi-annual instalments ending in 2021
Kuwait	Bilateral	Nhlangano-Lavumisa	546	KD	Unhedged	365.60	182.80	8 022.88	0.00	182.80	42.4888	7 766.95	Capital and interest repayable in 32 semi-annual constant payments commencing 1998-2018
KOBW A	Commercial	Maguga Dam (NEDCOR)	NEDCOR	ZAR	N/A	29 359.30	7 253.70	3 905.90	0.00	22 105.70	1.0000	22 105.70	Capital and interest repayable in 33 consecutive semi-annual instalments ending in 2019
KOBW A	Commercial	Maguga Dam (RMB)	RMB	ZAR	N/A	58 675.60	14 453.30	6 960.40	0.00	44 222.30	1.0000	44 222.30	Capital and interest repayable in 36 consecutive semi-annual instalments ending in 2019

Financier	Type of Financier	Loan Name	Loan No.	Currency	Hedging Status	Opening Balance as at 31/03/2016 (FX)	Principal payment (FX)	Interest Payment (FX)	Total Disbursement (FX)	Closing Balance as at 31/03/2017 (FX)	Spot rate (31/03/2017)	Closing Balance as at 31/03/2017 (E)	Particulars of Payments
DBSA	Commercial	LUSIP	13606/102	ZAR	N/A	58 271.30	2 943.80	7195 650.74	0.00	55 327.50	1.0000	55 327.50	Capital and interest repayable in 32 consecutive semi-annual instalments commencing 2003-2017
TOTAL												4 607 076.97	

**STATEMENT OF CONTINGENT LIABILITIES
AS AT 31st MARCH 2017**

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	1,494,875.00		
Less: liquid funds of the Bank	-593,129.00		901,746.00
International Bank of Reconstruction and Development promissory note			1,461,121.96
International Monetary Fund			1,445,610,213.52
Common Fund for Commodities: Promissory Note 1			927,830.15
Promissory Note 2			3,711,298.85
Standard Bank			33,482,146.00
Swaziland Farmers Co-operatives Union Guaranteed with Fincorp			4,985,134.73
International Corporation for Development Finance (Taiwan) Guaranteed with Swaziland Govt			37,384,887.41
Swaziland National Housing Board Government Guaranteed loans with SNPF			97,023,277.07
Swaziland National Housing Board Government Guaranteed loans with PSPF			353,699,946.47
Total			1,610,652,060.48

**STATEMENT OF WRITE OFFS, LOSS OF CASH, STAMPS, STORES AND
ABANDONED CLAIMS AND LOSSES DUE TO ACCIDENTS ON VEHICLES
FOR THE YEAR ENDED 31ST MARCH 2017**

<u>PARTICULARS</u>	<u>MINISTRY/ DEPARTMENT</u>	<u>HEAD</u>	<u>AUTHORITY</u>	<u>AMOUNT (E)</u>
Cash	Agriculture	20	FINI/17A/20	41,997.75
Cash	Agriculture	20	FINI/17A/20	49,437.00
Cash	Agriculture	20	FINI/17A/20	1,743.70
Cash	Agriculture	20	FINI/17A/20	5,705.15
Microwave Oven	Internal Audit	38	FINI/17A/45	900.00
Acer Desk Top Computer	Internal Audit	38	FINI/17A/45	10,000.00
Cash	ICT	43	FINI/17A/43	1,848.06
Cash	Foreign Affairs & International Coop	7	FINI/17A/07/V.1	6,708.77
Cash	Housing & Urban Development	24	FINI/17A/24	2,627.00
Cash	Housing & Urban Development	24	FINI/17A/24	8,006.08
Cash	Housing & Urban Development	24	FINI/17A/24	11,470.62
Cash	Housing & Urban Development	24	FINI/17A/24	4,400.34
Cash	Housing & Urban Development	24	FINI/17A/24	404.79
Medical Drugs	Health	45	FINI/17A/45	1,394,939.44
Medical Drugs	Health	45	FINI/17A/45	15,502,852.39
Medical Drugs	Health	45	FINI/17A/45	5,771,704.58
Acer Laptop (Grey)	Labour and Social Security	40	FINI/17A/40	4,000.00
Acer Flat Screen Monitor	Labour and Social Security	40	FINI/17A/40	5,000.00
Cash	Tinkhundla	9	FINI/17A/45	69,970.20
Total				22,893,715.87

**CENTRAL TRANSPORT ADMINISTRATION TRADING ACCOUNT
AS AT 31ST MARCH 2017**

	E		E
Revenue Income	554,536.38	Personnel Emoluments	37,516,494.72
Capital Income	170,162,259.90	C.T.A. Charges	14,404,061.73
	170,716,796.28	Travel Transport & Comm.	1,466,318.67
Fuel Sales	218,525,445.09	Professional Servies	103,518,652.00
Repairs & Maintenance	362,442,111.20	Rentals	34,737,883.07
Self Accounting Bodies	5,649,282.26	Consumables	261,151,205.54
Auction Sales	2,649,700.00	Durables	75,048,636.47
Driver Training Fees	30,375.00		527,843,252.20
Sundry Fees	37,450.00		
	760,051,159.83		
		Surplus	232,207,907.63
	760,051,159.83		760,051,159.83

SURPLUS AND DEFICIT ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2017

	E		E
Surplus b/f	245,322,169.57	Surplus carried forward	477,530,077.20
Add: Trading surplus	232,207,907.63		
	477,530,077.20		477,530,077.20

PLANT & VEHICLES RENEWALS FUND AS AT 31ST MARCH 2017

	E		E
Balance b/d	562,965,613.35	Capital Expenditure 2016/2017	75,048,636.47
Accumulated Replacement Income	170,162,259.90	Balance c/f	658,079,236.78
	733,127,873.25		733,127,873.25

EXECUTIVE SUMMARY

(i) Lack of Financial Reporting Framework

The Office of Auditor General (OAG) is required to carry out an audit of the Consolidated Financial Statements of the Swaziland Treasury.

In accordance with International Standards, INTOSAI Standards, ISSAI 1200:

“The purpose of an audit is to enhance the degree of confidence of intended users in the financial statements. This is achieved by the expression of an opinion by the auditor on whether the financial statements are prepared, in all material respects, in accordance with an applicable financial reporting framework. In the case of most general purpose frameworks, that opinion is on whether the financial statements are presented fairly, in all material respects, or give a true and fair view, in accordance with the framework.”

The Consolidated Financial Statements of the Treasury does not follow any determined Financial Reporting Framework. It is therefore difficult for the OAG to assess compliance with any framework. The Treasury is from 2019 required by Legal Notice number 98/2017, to present the Financial Statements in accordance with internationally accepted standards, which means International Public Sector Accounting Standards (IPSAS).

(ii) Poor reconciliations of assets and liabilities

The key issue resulting in most of the misstatements in the Financial Statements is the poor reconciliations of assets and liabilities, especially reconciliations of the bank accounts. Liabilities are not reconciled with source documents to establish whether the government has a present obligation to pay back funds that appear to be owed, in Government Accounts.

(iii) System errors

The current system has numerous errors, including log errors and human errors which result in negative impact on the preparation of the Government financial statements.

(iv) Insufficient resources in the OAG and Treasury

Pursuant to promulgation of the Public Finance Management Act into law, there is inevitable increase in scope which is not matched by a sufficient resources in the OAG and Treasury and Stores Department. Training will also be required to equip both organisations with new skills.

(v) Future challenges

The above mentioned IPSAS, reconciliations, resources, and also IFMIS are bound to pose a challenge in the whole of Government in terms of preparedness, due to ongoing reduction in Government Revenues.

My Office has an obligation to audit all schools, and to audit separate financial statements prepared by individual ministries, departments and agencies as well as Consolidated financial statements under the new law, Public Finance Management Act, 2017. The increasing scope in

terms of number of units or national projects means more resources should be deployed to meet the accompanying scope of work. The reduction in government revenues may impede progress in government reforms.

Further, there is need to review and update laws, rules and regulations to suite latest developments in the way institutions are run and directed, as it is now becoming a challenge for my office to enforce compliance with some General Orders, Financial and Accounting Instructions and Stores regulations which appear to be outdated but still have to be enforced for the sake of compliance, regardless of the principle underpinning such laws, rules and regulations. Part E of this report provides details of risks to public resources due to non-compliance with laws, rules, and regulations by Ministries, Departments and Agencies.



KINGDOM OF SWAZILAND

PART A: GENERAL MATTERS



1. Submission of Treasury Annual Accounts

The Accountant General is responsible for reporting, and has to account for all state resources. The Accountant General submitted the Accounts on the 30th September 2017 for Audit purposes. It is commendable that there was adherence to the Finance Management and Audit Act no. 18 of 1967, as amended in 1992, which requires that the Accountant General submit the Accounts within six months after the close of financial year. However, some of the submitted financial statements had glaring errors. Consequently, they were resubmitted on 18 November 2017, after the statutory deadline. This subsequently delayed timely completion of our audit process.

2. Accounting Policies

International Standard for Supreme Audit Institutions number 1210 states that reliable financial statements should be complete, without omissions, and reliable, reflecting the economic substance of events and transactions and not merely their legal form. Further, reliable financial statements result in reasonably consistent evaluation, measurement, presentation and disclosure, in addition to neutrality and objectivity. This enhances their understandability by a wide range of users and are not subject to significant different interpretations as it has been the case over the previous years. In the absence of a recognised financial reporting framework, the Accountant General is guided by the Finance Management and Audit Act of 1967, Financial and Accounting Instructions of 1970, and the Financial Management and Accounting Procedures Manual when preparing financial statements. Under the current accounting and reporting practices there are no standard accounting and reporting policies.

However, promulgation of the Finance Management Bill into law in 2017 signifies a change in accounting policies which are likely to positively affect the financial reporting framework in subsequent accounting periods beginning from the 2018/2019 financial accounting period. The new law brings forth a new financial reporting framework based on International Public Sector Accounting Standards (IPSAS) which are issued by the International Public Sector Accounting Standards Board (IPSASB). IPSAS are a financial reporting framework designed to meet the common financial information needs of a wide range of users.

I commend the Government for enacting such an important law and for the change in accounting policies to match up with International Public Sector Accounting Standards. This will improve the quality of financial reporting and public sector administration of resources.

3. Mandate of the Auditor General

In accordance with Section 207, subsections 3, 5 and 8, of the Constitution of the Kingdom of Swaziland and Section 9 of the Audit Act No. 4 of 2005, I am required to audit the Public Accounts of the Kingdom of Swaziland and all offices, courts and authorities of Government and submit my reports, thereon, to the Minister for Finance, who shall table them in both Chambers in Parliament. The same Constitution of the Kingdom of Swaziland requires me to disallow any item of expenditure which is contrary to law and to surcharge the person responsible for incurring or authorizing that expenditure or loss.

Section 9. (1) of the Audit Act, 2005, requires me, in addition to the powers and functions conferred upon or entrusted to me in terms of section 207 of the Constitution, to audit the government accounts which should include;

- (i) an abstract account of receipts and payments;

- (ii) a statement of the assets and liabilities at the close of the financial year;
- (iii) a detailed statement of revenue and expenditure;
- (iv) statement of the amount outstanding at the end of the year in respect of the public debt;
- (v) a statement of all losses of public moneys, stamps, securities, stores and other property of the Government written off during the year;
- (vi) a statement of trading and other special funds;
- (vii) a statement of all undischarged guarantees issued in terms of section 8 of the Finance Management and Audit Act, No. 18 of 1967; and
- (viii) such other statements as the Minister or the House of Assembly may, from time to time require.

4. Other Audit Services

The office also conducts Performance Audits, Investigative Audits and IT Audits. However, there is a need to restructure our organisation in order to overcome our challenges in areas of human resources, finance, and operations and other areas. The challenges have resulted in failure to attract, recruit and retain employees of required competency and capability to perform performance audits, investigative audits, IT audits and other specialised audits.

An ideal organizational structure would enhance our efforts to increase the staff complement, to develop and train staff and to have a budget to efficiently and effectively undertake audits, for instance, a budget to outsource specialized skill. However, due to budgetary constraints we are unable to outsource specialized skills in accordance with section 13 (2) of the Audit Act, 2005.

5. Scope of Audit

The scope of our audit encompasses both financial and compliance audits of the Annual Treasury Financial Statements and related accounts including statutory bodies and parastatals. We also include, in the scope of our audit, the accounts of the South African Development Community (SADC), Regional Tourism Organisation of Southern Africa (RETOSA), Southern African Customs Union (SACU), United Nation's funded projects, World Bank and African Development Bank (ADB) funded Projects, as well as Global Fund Accounts which, by their nature or donor requirements, are not included in this report.

More audit focus was on the financial risks arising from lack of sufficient accounting information on government's financial activities leading to information asymmetry on cash flow issues.

The objective of compliance audit as opposed to financial audit is to audit whether the activities of public sector entities are in accordance with the relevant laws, regulations and authorities that govern such entities whilst financial audit assesses the risk of material misstatement whether due to fraud or error for the purpose of expressing an independent audit opinion.

6. Reporting

Section 15. (1) of the Audit Act, 2005 requires that I should report annually to Parliament on the work of my office and on whether, in carrying out the work of my office, I received all the information, reports and explanations I required.

In my certified audit report I call attention to anything that I consider to be of significance and of a nature that should be brought to the attention of the House of Assembly including any cases in which I have observed that;

- (i) Accounts have not been faithfully and properly maintained or public money has not been fully accounted for or paid, where so required by law, into the Consolidated Fund;
- (ii) Essential records have not been maintained or the rules and procedures applied have been insufficient to safeguard and control public property, to secure an effective check on the assessment, collection and proper allocation of revenue and to ensure that expenditures have been made only as authorized;
- (iii) Money has been expended without due regard to economy (the acquisition, at the lowest cost and at the appropriate time, of human and material resources in appropriate quantity and quality) or efficiency (the conversion, in the best ratio, of resources into goods and services); or
- (iv) Satisfactory procedures have not been established to measure and report on the effectiveness of programmes (the achievement, to the best degree, of the objectives or other intended effects of programmes, an organization or any activity), where such procedures could appropriately and reasonably be implemented.

7. Public Finance Management Reforms

The Swaziland Government is running a number of reform programmes through the support of the International Monetary Fund (IMF) and the European Union (EU). The reforms are designed to assist the Government widely and involve the Accountant General's Office/Treasury and Government Stores Department, Internal Audit, Public Budgeting, E-Governance and the Office of Auditor General.

Central to the reforms is the recently enacted Public Finance Management Act No. 10 of 2017 which provides for the management of public finance, public debt and other incidental matters.

7.1. The Office of Auditor General

Already EU funded technical assistance is in progress as BDO LLP Consultants are on site at the Office of Auditor General with the aim to assist the Office of the Auditor General to fulfil its mandate in line with the International Standards for Supreme Audit Institutions (ISSAIs). Ultimately, the project intends to improve the overall public finance management system resulting in reduction of waste and leakage of public funds. This will address the overall objective of improving accountability, reporting, transparency and oversight of government programmes/activities.

The project seeks to achieve the following results:

- (i) Making the required changes in the Legal Framework in order to conform with ISSAIs.
- (ii) Developing suitable organization and management structures to enable the Office of Auditor General to independently manage its resources so that the Office is able to fulfil its mandate effectively and efficiently and be accountable to Parliament.
- (iii) Improving audit methodologies to comply with ISSAIs.
- (iv) Improving communication and stakeholder management.

7.2. Treasury Department

In the year 2017, promulgation of the Public Finance Management Bill into law marked a giant step toward improved public finance management in the Government of the Kingdom of Swaziland. This law will enhance reforms in financial management information systems and reporting.

Implementation of an Integrated Financial Management Information System (IFMIS) and introduction of International Public Sector Accounting Standards (IPSAS) are expected to improve financial reporting of Government Accounts.

7.3. Internal Audit

As part of ongoing reforms the Government of Swaziland engaged technical experts to improve technical and professional capacity through mentoring and support, production of an internal audit charter, establishment of an internal audit committee, production of an internal audit manual, completion of internal audit control risk assessments and establishment of an adequate organisational structure to enable Internal Audit to fulfil its mandate.

These reforms are envisaged to enhance external auditor's reliance on the work of the Internal Audit.

7.4. Budgeting

Current reforms are expected to bring improvement in Budget Planning and formulation process, under the auspices of the International Monetary Fund experts. Appointment of a PFM advisor to treasury for PFM reforms is expected to improve bank reconciliation, cash management and implementation of IFMIS.

7.5. E-Governance

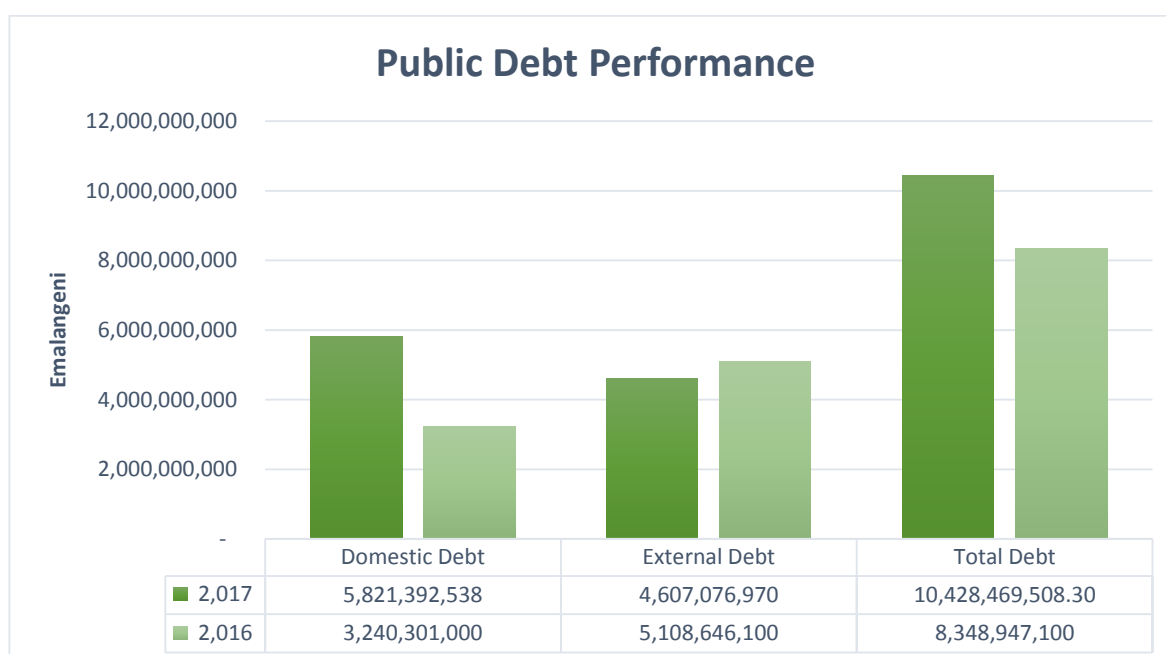
Technical Assistance funded by the European Union is expected to help Government in the implementation of an e-Governance Strategy. This includes setting up institutional requirements for achieving the strategy. The e-governance shall culminate in challenges in the audit profession as audit data will now be paperless, requiring changes in audit methodologies.

8. Public Debt Management

Cautious government debt management, along with sound policies for managing contingent liabilities, can make the country less vulnerable to financial risks which may affect the government's statement of Financial Position.

Domestic and external public debt as at 31st March 2017 amounted to E 10,428,469,508.30 as compared to E8,348,947,100.00 in the previous fiscal period. Domestic debt increased from E3,240,301,000 in 2015/2016 to E 5,821,392,538 in 2016/2017. The table and graph below show movement of debt between two fiscal periods.

Category	2,017 (E)	2,016 (E)
Domestic Debt	5,821,392,538	3,240,301,000
External Debt	4,607,076,970	5,108,646,100
Total Debt	10,428,469,508.30	8,348,947,100



Contingent Liabilities as at 31st March 2017 amounted to E1,610,652,060.48 whilst in the year ended 31 March 2016, they remained at E1,610,652,060.48.

9. Management of School Funds

9.1. Reviewing of Internal Controls

In the year under review the Ministry of Education was still in the process of finalising the review of the Schools Accounting Regulations of 1992. These revised regulations are expected to improve management of school funds.

9.2. Accounting for school funds by Accountant General

There should be an improvement in accounting for school funds. Schools should prepare a full set of financial statements that should be approved by the ministry and consolidated at the end of each financial year.

9.3. Special Audit Report

In the year under review, a performance audit approach was also adopted to support the audit of schools. A special audit report will be issued separately from this report.

10. Irregular Cancellation of Community Poverty Reduction Fund Debts

I have observed that some debts to government were cancelled without proper justification. An example of the irregular cancellations relates to two beneficiaries' names that were deleted from the list of debtors who benefited from the Community Poverty Reduction Fund. A debt repayment of E1,000.00 was recorded as E100,000.00 in the books thereby unlawfully cancelling the whole debt resulting in a loss of E99,000.00 of public funds. Further, a repayment of E500.00 was recorded as E50,000.00, resulting in cancellation of the debt and a loss of public funds amounting E49,500.00. This was allegedly attributed to a system error/log error. However, I am not convinced that the act was due to a system error, but I consider it to be a human error or a deliberate fraudulent act. The matter should be investigated by the police and or the Anti-Corruption Commission.

11. Operation of the Workmen's Compensation Claims Unit

The Commissioner of Labour at the Ministry of Labour and Social Security is responsible for matters dealing with compensation of employees who are injured on duty. It has been the norm to involve the Auditor General during the processing and approval of payments of workmen compensation claims. However, there is a need to exclude the Auditor General from the process so that the Auditor General can independently conduct audits of disbursements from the Workmen Compensation budget and to issue helpful and object reports on operations of the unit.

I have noted that the Ministry of Labour and Social Security is in contact with the Internal Audit Directorate on standard operating procedures for the Workmen Compensations Unit. Finalization of the exercise should bring about necessary internal controls in processing of workmen compensation claims.

Another concern is the Ministry's decision to close operations of the Underwriting Clinic with effect from 21st September 2015. The intention of suspending the clinic's operations was to put in place improvements on the underwriting process. However, a period of more than two years has elapsed without reopening of the clinic and this has resulted in none payment of workmen compensation claims to government employees. Therefore some claims that should have been paid out from the 2015/2016 and 2016/2017 financial years' budget have not been paid.

I have observed that only claims that were reviewed by the Medical Board and fatal accidents claims have been processed, despite the budget provision for all qualifying compensation

claims. The following table compares the budget with expenditure on workmen compensation claims for financial years 2015/2016 and 2016/2017.

Financial Year	Budget Released (E)	Expenditure (E)	Variance (E)
2015/2016	6,458,200.00	2,825,107.45	3,633,092.55
2016/2017	774,046.00	604,113.59	169,932.41
Total	7,232,246.00	3,429,221.04	3,803,024.96

The outstanding compensation claims may result in lawsuits against government and the funds that were budgeted for compensations claims may be diverted to other expenses. Moreover, the accumulating outstanding claims will increase government's financial burden in future.



KINGDOM OF SWAZILAND

PART B: OFFICE OF THE AUDITOR GENERAL



12. Introduction

The Office of Auditor General is a constitutionally established public office which is mandated to perform financial and compliance audits on public accounts, performance audits on government programmes and other special audits within the legal mandate.

The Auditor General is responsible for the audit of public offices, courts and other authorities. The office is established by the Constitution of the Kingdom of Swaziland of 2005, section 207 and the Audit Act No. 4 of 2005.

Its role is to provide an independent assurance on the utilization of public funds and the safe guarding of the state resources. The Auditor General has to stay relevant to the citizens and other key stakeholders by acting in the public interest taking into consideration emerging risks and the changing environment in which audits are conducted. Further, the Office of Auditor General has a duty to support public sector financial management reforms, through questioning weaknesses in controls, financial mismanagement, errors and exposing fraudulent acts in easy-to-read reports and through effective dialogue with stakeholders.

12.1. Vision

Our vision is to be an autonomous institution that addresses audit issues with proficiency and passion thereby building public confidence and serving public interest through excellence in auditing and for the benefit of Swazi Citizens.

12.2. Mission

The office exists to audit and assess value for money applications on public accounts, programs, activities and projects, report to Parliament, and advise stakeholders in order to improve public sector performance and accountability through the delivery of high quality audit services and reports for the benefit of citizens.

12.3. Core Values and Ethical Codes

Our core values are accountability, respect, and integrity. We further subscribe to the INTOSAI code of ethics in accordance with ISSAI 30. Our ethical code of conduct entails observing integrity, independence, quality, objectivity and impartiality, professional secrecy, and competence.

12.4. International Audit Assignments

The Office of Auditor General is currently the auditor of the accounts of the Southern African Development Community (SADC) for three years, commencing from 2015/2016 to 2017/2018. Chairmanship of the Board of Auditors and reporting of audit results is on a one-year rotational basis. In the year 2015/2016, the chairmanship was held by the Judge of the Supreme Audit Institution of Mozambique who handed over the Chairmanship to the Auditor General of the Republic of South Africa. On 15 December 2017, the Auditor General of the Republic of South Africa handed over the Chairmanship to the Auditor General of the Kingdom of Swaziland.

Also, the Office of Auditor General has, together with the Botswana Office of Auditor General, carried out the audit of the Regional Tourism Organization of Southern Africa (RETOSA) during the Financial Years 2012/2013 to 2016/2017.

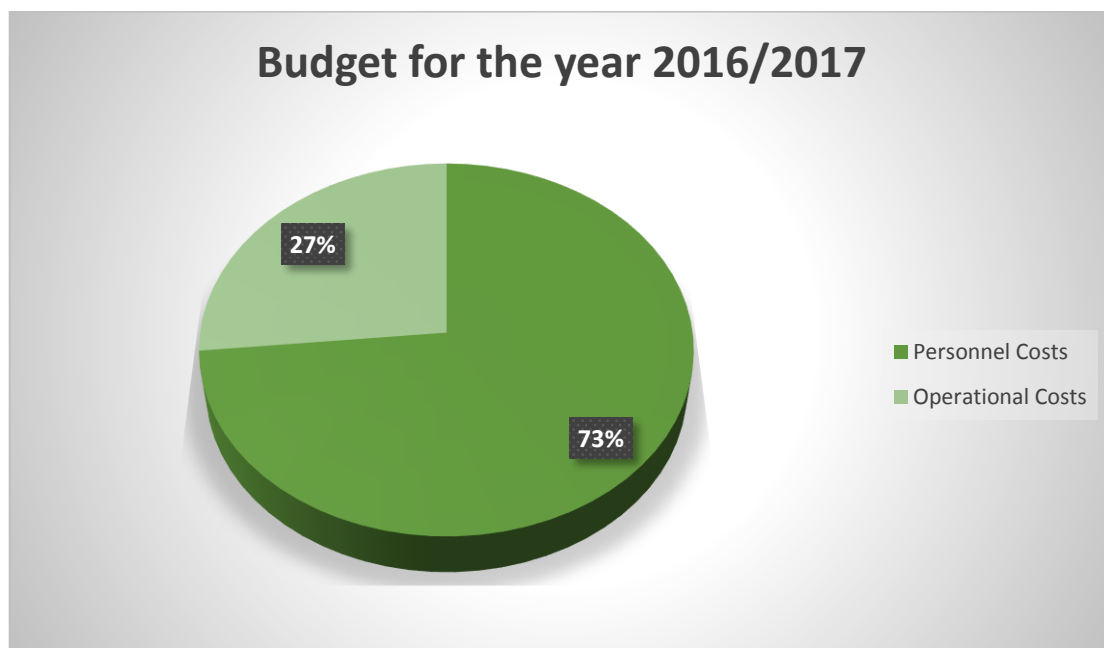
Furthermore, the Office is also participating as Audit Board Member for the audit of the Southern African Customs Union (SACU) from the year 2017/2018 to 2020/2021.

13. Budget of the Office of Auditor General

The budget of the Office of Auditor General for the year 2016/2017 was E19,325,948.73. This was absorbed by personnel costs of E14,197,076.63, leaving a meagre budget of E5,128,872.10, remaining for operations, as indicated on the table below: -

Expenditure	2016/2017		2015/2016		2014/2015	
	E	%	E	%	E	%
Personnel Costs	14,197,076.63	73%	12,796,259.00	76%	11,998,674.00	74%
Operational Costs	5,128,872.10	27%	4,110,232.00	24%	4,293,406.00	26%
Total Budget	19,325,948.73	100%	16,906,491.00	100%	16,292,080.00	100%

The pie chart below depicts disproportions between operational costs and personnel costs: -



Ideally the larger portion of the budget should be attributable to operations as opposed to personnel costs.

There is need for Government to comply with and invoke section 22 of the Audit Act number 4 of 2005 which authorises the Auditor General to: -

- (i) annually prepare an estimate of the sums that will be required to be provided by Parliament for the payment of the salaries, allowances and expenses of the office during the next ensuing fiscal year.
- (ii) make a Special Report to the House of Assembly through the Minister in the event that amounts provided in the estimates submitted to Parliament are, in his opinion, inadequate to enable him to fulfil the responsibilities of his Office.
- (iii) to submit supplementary estimates to the House of Assembly through the Minister for Finance, if, during the fiscal year, he foresees expenditures in excess of the appropriations granted by Parliament.

The Act further provides that the provisions of the Finance Management and Audit Act, No. 18 of 1967 or Regulations made thereunder with respect to the division of appropriations into allotments, suspension of the right to commit appropriations and suspension of payment of appropriations, shall not apply to appropriations granted to my Office.

The nature of government auditing requires that extensive audit work be carried out early in a new financial year because the audits should be on the previous financial year. As such the bulk of field work should be done in the four months ensuing the close of the previous year. It is prudent when considering that the new law requires tabling of the audit report six months after fiscal year end.

14. Office Accommodation

Office accommodation has become a thorny issue at the office which contributes significantly toward reduced staff morale and service delivery. Way back in 2008, the building was refurbished but it appears it was done with substandard materials as its roof is leaking, doors, windows and sewage systems are dysfunctional and the ceiling is falling, posing great danger to staff. During the rainy season some officers are forced to vacate the offices, leading to reduced service delivery.

The available office space is no longer adequate, such that the boardroom and kitchen are used to accommodate some officers. This renders the environment not conducive for increased production of quality audit reports.

Further, technological advancement has led to a shift in the audit management and auditing techniques from manual systems to computerized systems. This is in line with the Government's current reforms towards e-Governance. In-order to be relevant, the office has to keep abreast of such developments. However, this is not possible in light of the fact that computer system expansion is no longer feasible in the current building. The Computer Department declared that the office computer system expansion is no longer feasible.

This, therefore, necessitates the construction or acquisition of a suitable office structure so as to adequately accommodate all officers, and support both software and hardware infrastructure development. Hence a contributing factor for the need for new premises, as lagging behind will result in inability and/or inefficiency when performing the Auditor General mandate.

15. Staff at the Office of Auditor General

There are one hundred and five (105) established posts at the Office of Auditor General. This number excludes the position of Auditor General. Eighty-eight (88) staff posts relate to the Audit Cadre while the remaining seventeen staff posts relate to support services staff comprising Human Resources, Secretariat, Procurement and Accounting, Communication, Transport, and Registry.

However, there are twenty-six (26) vacant positions which is almost a quarter (24.76%) of the full staff complement. Two thirds of the Top Management positions are vacant while 44% of Senior Management positions are also unfilled. This has overstretched the staff and lowered staff morale and productivity at the office. There is an urgent need to address the staff shortages.

The cause of the vacancies is due to staff retirement from service and high staff turnover due to low salaries within the audit cadre, such that a significant number of staff has left the Office of Auditor General to join other Government Ministries and Departments that offer better pay.

There is no position in respect of legal expertise within the office whereas there is great need for legal expertise to understand, interpret and apply regulations, laws, contracts and other matters. Also, there are no established posts for our in-house requirements on (ICT) Information Communication Technology despite that the Office of Auditor General (OAG) has established an IT Audit Unit. Moreover, audit duties entail making visits to Government Units all over the Kingdom and even beyond; that is, to the country's Embassies in other countries. This requires sufficient number of motor vehicles and drivers of the vehicles.

Provision of the above mentioned resources including improvement of staff salaries is necessary in order to increase audit coverage, quality and timely audits so that our reports are useful and relevant.

It is with great appreciation that I take this opportunity to congratulate the management, entire audit cadre staff and the support services staff on their hard work, sacrifice and commitment which has produced this audit report, notwithstanding the challenges that I have reported in the report.

16. Training and Career Development

Auditing by nature is a profession that requires continuous training and development in order to keep abreast of new standards and guidelines within the profession so that auditors are relevant and effective at their work place. Affiliation to the International Organisation of Supreme Audit Institutions (INTOSAI) and the African Organisation of English Speaking Supreme Audit Institutions (AFROSAI-E) has greatly benefited the office through participation in training courses and quality reviews that are conducted by the Organisations.

However, our participation in the training events has significantly decreased because most of the training courses are partially sponsored whereas government policy requires that the training should be sponsored in full to enable our participation. This has negatively affected the institutional development of our office and progress in our quest to run our business according to International Standards for Supreme Audit Institutions (ISSAIs) and to attain level

three of AFROSAI-E's Institutional Capacity Building Framework (ICBF). The third level is the goal that has been set by AFROSAI-E for Offices of Auditors General within the region to reach, and the Organisation's efforts towards attainment of the goal is through the training of members.

I commend the Government of Swaziland and the donor community for funding some of the officers. My appreciation is directed to the Swaziland Government through the Ministry of Public Service, In-Service Training Department, the Government of the Republic of India, the Government of the People's Republic of China, the Malaysian Government, the Government of the Republic of Hungary as well as the African Organisation of Supreme Audit Institutions of English Speaking Countries (AFROSAI-E), for the continuous support they are rendering to the office.

The following training courses, workshops and seminars which were funded by the Government In-Service Training Department, Affiliate Institutions and other Supreme Audit Institutions were attended by the audit staff during the financial year 2016/17.

Number of Officers	Course/Workshop	Duration	Full/Part time	Venue	Funding /Sponsor
2	Environmental Audit	3 weeks	Full time	India	Government of the Republic of India
1	E-Governance	3 weeks	Full time	India	Government of the Republic of India
8	ACCA Part 1 & 11	3 to 4 years	Part time	IDM	Swaziland Government
2	Corporate Governance & Leadership in Public Service	1 week	Full time	Sibane hotel	Swaziland Government
1	MBA Management Strategy	2 years	Part time	University of Namibia	Swaziland Government
1	MBA	2 years	Part time	ESAMI	Swaziland Government
1	International and Hungarian efforts in the fight against corruption	1 week	Full time	Hungary	Government of the Republic of Hungary
1	IT Audit for Regularity Auditors	1 week	Full time	Zambia	AFROSAI-E
1	IT Audit course	1 week	Full time	South Africa	AFROSAI-E
1	IT Audit Course	2 weeks	Full time	Malaysia	Malaysian Government

Number of Officers	Course/Workshop	Duration	Full/Part time	Venue	Funding /Sponsor
2	International Audit Seminar for African English-Speaking Countries	2 weeks	Full time	China	Government of the People's Republic of China
3	Technical Update	1 ½ weeks	Full time	South Africa	AFROSAI-E
1	Effective Organizational behavior for Human Resource practitioners Training Course	1 week	Full time	IDM	Swaziland Government

It is worth noting that other officers attended various training courses such as ACCA, MBA and other courses on a part-time basis and were using their own funds. The Office would like to express its gratitude to the officers and to encourage others to continue studying whenever possible since the field of auditing requires continuous update of knowledge, especially on Accounting and Auditing standards. There is need for policymakers to consider the issue of government employees who are already studying relevant courses, on their own, in the award of government in-service training scholarships.

17. Independence of the Office of Auditor General

The Auditor General is the external auditor for Government. Whereas internal audit services are established within Government departments and institutions, by contrast external audit services are not part of the organizational structure of the institutions to be audited. As such, the International Organization of Supreme Audit Institutions (INTOSAI) has developed International Standards of Supreme Audit Institutions (ISSAIs) for its 194 members to provide guidelines on government auditing. The ISSAIs include ISSAIs number 1- the Lima Declaration and ISSAI number 10- the Mexico Declaration whose chief aim is to call for independent Government auditing.

The objectives of government auditing include proper and effective use of public funds, development of sound financial management, proper execution of administrative activities and communication of information to public authorities and the general public through publication of objective reports. The Auditor General can accomplish the mandate of his office objectively and effectively only if he is independent of the audited entity and is protected against outside influence. Although state institutions cannot be absolutely independent because they are part of the state as a whole, the Office of Auditor General must have functional and organisational independence required to accomplish its task. Both the Constitution of the Kingdom of Swaziland and the Audit Act No.4 of 2005 stipulate the degree of independence of the Office of Auditor General in order for the Auditor General to provide external audit services objectively and effectively.

However, compliance with the law with regard to the issue of functional and organisational independence has proven to be an enigma as there has not been any significant headway made.

Instead, the tide has significantly turned against the Office of Auditor General despite concerted efforts of the Auditor General and the Public Accounts Committee on the matter. The budget and operations of the Office of Auditor General have adversely been affected by the situation.

18. Technical Support

Our office aspires to reach level 3 and beyond of the AFROSAI-E's Institutional Capacity Building Framework (ICBF). However, it has been struggling to attain and function at this level of performance.

To assist the office in this regard, AFROSAI-E has undertaken a number of development initiatives including technical support, quality review and training. Also, the support by the Government of Swaziland of engaging consultants to provide technical support to build capacity at the Office of Auditor General, with the goal of ensuring that the office fully complies with International Standards for Supreme Audit Institutions, is commendable.



KINGDOM OF SWAZILAND

PART C: PUBLIC ACCOUNTS COMMITTEE (PAC)



19. Oversight Role

The Parliament's Public Accounts Committee (PAC) is an oversight committee, comprising of Honourable members selected from the House of Assembly, and consists of twelve (12) members. It was established in terms of Section 29 (subsection 1 and 3) of the Constitution of the Kingdom of Swaziland of 2005. Its role is to examine the issues contained in the Auditor General's Report, after it is tabled in Parliament.

The tone set by the Public Accounts Committee, at their political level, is critical in driving the behaviour of public officials towards improved audit outcomes. During PAC deliberations, Controlling Officers are called upon to account on the irregularities, omissions and errors under their Ministries. The Auditor General provides expert advice on the issues raised in the audit report.

After deliberation of the Auditor General's Report, the PAC makes recommendations that are adopted as resolutions by the House of Assembly. These recommendations provide corrections and improvement on weaknesses pointed out in the audit report.

There is a need to improve collaboration between the Office of the Auditor General and the Public Accounts Committee. This will add value to our audits and PAC recommendations, which will ultimately lead to greater accountability of public funds.



KINGDOM OF SWAZILAND

PART D: PERFORMANCE OF MINISTRIES, DEPARTMENTS AND AGENCIES



20. Introduction

The past years have been marked by great reductions in SACU receipts and little growth in domestic revenue leading to challenges to the financial sustainability of public services. An option would be for government to try to do more with fewer resources by delivering services in a different way, through greater delegation to local bodies, partnerships with the private sector and with digital transformation projects. This level of change brings opportunities for efficiencies but also challenges to accountability and securing value for money.

At the same time, government's commitments to major infrastructure projects require the government to carefully prioritize resources. In light of the uncertainties inherent to the existing SACU revenues, there is need for prompt replacement of the current Government Accounting System with a fiscal and financial management information system that bundles all financial management functions into one suite of applications and reports budget execution, in real time. This information technology (IT) transformation should be a complete overhaul of the existing Government's information technology (IT) systems so that the performance of revenue collections, recurrent and capital expenditures may be assessed with reasonable certainty.

In the year under review revenue, recurrent and capital expenditure budget performance was reported as follows: -

21. Recurrent Revenue Performance

Actual revenue collections were E 14,8 billion by the end of the fiscal period, performing at 12% beyond the targeted revenue of E13,3 billion, posting a surplus of E1.5 billion.

A growth rate of 1% was registered compared to 31 March 2016, with a surplus of E96, million as compared to the total revenue collection of E14,7 billion in 2015/2016. This represents an overall improvement of 1% in revenue collection, denoting that government may not increase fiscal spending by more than 1% without increasing government debt, arrears and contingent liabilities.

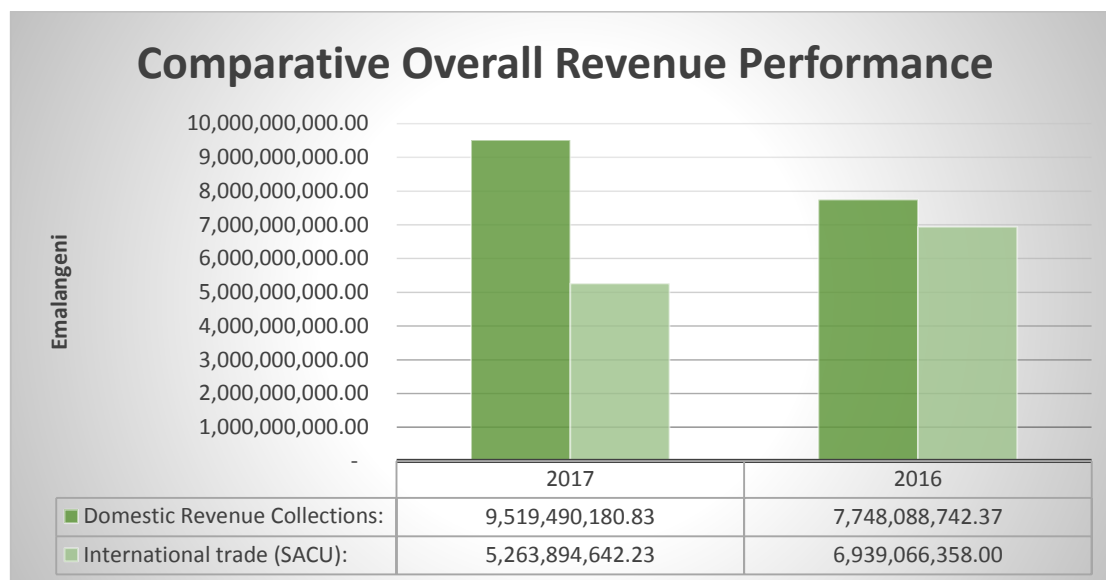
International trade performance: SACU receipts for the year under review were E5,3 billion, registering a decline of 24% compared to E6.9 billion collected in the same period in 2016. The collections were E 11,8 million above target of E 5,2 Billion.

The performance of SACU receipts is greatly influenced by shares of total customs, excise and additional duties collected during a financial year, as they have a bearing in the calculation of the share, its growth or decline. Therefore, there is need for the Swaziland Revenue Authority to disclose to the Government all customs, excise and additional duties collected in the Common Customs Area and paid into the Common Revenue Pool in accordance with article 33 of the SACU Agreement, in a special report and its annual reports so that the Government may have a hint of forthcoming SACU receipts before making drastic fiscal spending decisions.

Domestic Revenue Collections: The net domestic revenue collections in the year ended March 2017 were E 9,5 billion with a surplus of E1.8 billion as compared to E 7,7 billion collected in the year ended March 2016, and a performance of 23%. This contributed to the total collections of E14,8 billion in the fiscal year 2016/2017.

These domestic collections should be strengthened so that SACU revenues may be used for investment and development, rather than for general recurrent expenditure.

Comparative overall revenue performance is depicted in the graph below: -



The table below depicts detailed recurrent revenue performance from both international trade and domestic revenue collections: -

Table 1. Detailed Recurrent Revenue Performance

Source	Estimated (E)	Actual Revenue (E)	Variance (E)
Customs & Excise Duties	5,252,103,000.00	5,263,894,642.23	11,791,642.23
Income Taxes	4,260,262,000.00	4,594,607,547.44	334,345,547.44
Graded Tax	7,932,000.00	1,516,614.00	(6,415,386.00)
Other Taxes and Duties	3,161,224,000.00	4,186,250,416.97	1,025,026,416.97
Motor Vehicle and Drivers Licences	54,350,000.00	32,781,774.93	(21,568,225.07)
Business Licences	30,641,000.00	26,068,935.22	(4,572,064.78)
Other Licences	3,693,000.00	814,460.00	(2,878,540.00)
Judicial Fines	54,098,000.00	36,544,733.82	(17,553,266.18)
Rentals	14,863,000.00	12,251,271.67	(2,611,728.33)
Sale of Goods	8,212,000.00	5,986,896.43	(2,225,103.57)
Sale of Land & Titles	874,000.00	2,215,679.00	1,341,679.00
Agricultural Services Fees	1,756,000.00	1,709,709.10	(46,290.90)
Medical & Hospital Service Fees	8,494,000.00	7,028,511.00	(1,465,489.00)
Educational Service Fees	117,000.00	179,030.00	62,030.00
Immigration & Travel Fees	40,370,000.00	28,097,337.65	(12,272,662.35)
Utilities Service Fees	45,000.00	59,959.00	14,959.00

Source	Estimated	Actual Revenue	Variance
Other Sundry Fees	353,393,000.00	557,846,885.73	204,453,885.73
Loan Repayments	-	25,538,895.87	25,538,895.87
SUB-TOTAL	13,252,427,000.00	14,783,393,300.06	1,530,966,300.06
Less: Dishonoured cheques	-	8,477.00	
TOTAL	13,252,427,000.00	14,783,384,823.06	1,530,957,823.06

I advise that the Government should be careful in its spending as the fall in the revenues may have serious macroeconomic consequences.

22. Recurrent Expenditure Performance

The recurrent budget estimates approved by Parliament at the beginning of the fiscal year ended 31st March 2017 amounted to E17,006,007,550.50. Thereafter, it was revised downwards to E16,971,837,975.00 during the year, which reflects a decrease of E34,169,575.50, from the original budget.

The overall released funds during the financial year amounted to E14,551,083,003.00 whilst the actual expenditure amounted to E15,056,590,949.02, resulting to an overall over expenditure of E505,507,946.02, which was 3.5%.

The recurrent expenditure performance is tabulated as follows:

Control Item	Type of Expenditure	Approved Estimate	Revised Provision	Released Funds	Actual Expenditure	Above or Below Released Fund	% Above or below
00	CTA Vehicle Charges	549,015,600.00	540,320,269.00	376,473,127.00	600,616,303.49	-224,143,176.49	-59.5%
01	Personnel Costs	6,996,793,997.00	6,756,278,831.00	6,664,225,885.00	6,838,649,923.69	-174,424,038.69	-2.6%
02	Travel, Transport and Communication	496,000,015.80	758,086,646.00	726,110,711.00	695,285,703.99	30,825,007.01	4.2%
03	Drugs	481,107,913.00	472,447,055.00	445,544,164.00	447,527,704.66	-1,983,540.66	-0.4%
04	Professional and Special Services	1,012,423,478.70	1,016,435,612.00	860,086,662.00	823,034,634.81	37,052,027.19	4.3%
05	Rentals (Land, Buildings and Computer Equip)	203,730,797.00	160,784,835.00	139,159,309.00	140,838,525.70	-1,679,216.70	-1.2%
06	Consumables Materials and Supplies	486,842,148.00	520,194,597.00	468,081,961.00	458,101,721.91	9,980,239.09	2.1%
07	Durables Materials and Equipment	102,577,763.00	99,722,208.00	48,413,570.00	45,788,680.23	2,624,889.77	5.4%
10	Grants and Subsidies – Internal	4,656,084,777.00	4,608,398,840.00	4,222,414,000.00	4,256,744,133.06	-34,330,133.06	-0.8%
11	Grants and Subsidies – External	70,431,061.00	88,169,082.00	70,367,309.00	76,542,066.48	-6,174,757.48	-8.8%
12	Public Debt	1,951,000,000.00	1,951,000,000.00	530,206,305.00	673,461,551.00	-143,255,246.00	-27.0%
	GRAND TOTALS	17,006,007,550.50	16,971,837,975.00	14,551,083,003.00	15,056,590,949.02	-505,507,946.02	-3.5%

CTA vehicle charges have over spent by 59.5%. This indicates that fiscal spending on government vehicles is not properly managed and controlled.

An amount of E143,255,246.00 that was not released by the Ministry of Finance also contributed to the overall over expenditure by 27%.

23. Capital Budget Performance by Economic Sector

Capital Budget estimated and approved by Parliament at the beginning of the fiscal year 2016/2017 amounted to E 5,354,851,000.00, and it was revised to the same figure of E5,354,851,000.00. Total budget released for the year amounted to E2,695,153,399.00. Actual overall expenditure amounted to E2,612,805,636.24, resulting in under expenditure of E82,347,762.76, which was 3.1% below the budget released.

ECONOMIC SECTOR		APPROVED ESTIMATE E	REVISED PROVISION	FUNDS RELEASED	ACTUAL EXPENDITURE	ABOVE(-)/BELOW FROM RELEASE	VARIANCE %
A	Agriculture, Forestry & Fisheries	955,227,000.00	955,227,000.00	191,934,940.00	171,716,745.90	20,218,194.10	11%
E	Education and Training	210,168,000.00	210,168,000.00	145,615,978.00	135,331,861.79	10,284,116.21	7.1%
F	Fuel and Energy	102,527,000.00	102,527,000.00	36,845,654.00	38,690,423.28	-1,844,769.28	-5.0%
G	General Public Service	1,392,082,000.00	1,391,782,000.00	919,060,081.00	967,590,717.94	-48,530,636.94	-5.3%
H	Health	336,274,000.00	336,274,000.00	48,494,000.00	50,403,467.84	-1,909,467.84	-3.9%
M	Manufacturing and Mining	249,307,000.00	249,307,000.00	185,030,086.00	174,397,324.78	10,632,761.22	5.7%
P	Public Order Safety and Defense	175,383,000.00	175,383,000.00	94,463,186.00	95,183,907.45	-720,721.45	-0.8%
R	Recreation and Culture	15,160,000.00	15,160,000.00	15,160,000.00	15,160,000.00	-	0.0%
S	Social Security and Welfare	14,953,000.00	14,953,000.00	4,753,000.00	3,903,983.82	849,016.18	17.9%
T	Transport and Communication	1,342,770,000.00	1,343,070,000.00	784,838,872.00	702,062,530.31	82,776,341.69	10.5%
W	Water Resources Management	326,700,000.00	326,700,000.00	104,637,581.00	104,637,580.51	0.49	0.0%
X	Housing and Community Amenities	234,300,000.00	234,300,000.00	164,320,021.00	153,727,092.62	10,592,928.38	6.4%
GRAND TOTALS		5,354,851,000.00	5,354,851,000.00	2,695,153,399.00	2,612,805,636.24	82,347,762.76	3.1%

My concern is increased risk in capital budget performance, outputs and outcomes. Under-expenditures tie released funds which would otherwise have been used to finance other development projects. 3 sectors underspent by E103,843,551.97, which is 11 % of funds released in Agriculture, Forestry & Fisheries sector, 17.9% in the Social Security and Welfare sector and 10.5% in the Transport and Communication Sector. This has a direct impact on achieving planned service delivery objectives.

Controlling Officers are encouraged to apply rigorous cash flow and project management mechanisms to ensure that critical projects and services are prioritised.

It is also desirable for my office to scrutinise project management processes and controls, from project initiation stage to post completion in order to minimise risk of fraudulent practices in tendering, works, services and supplies of project materials. However, the stumbling block is insufficient expertise within my office, in some key skills which are a prerequisite for efficient and effective project management audit. However, with guidance from technical assistance from the EU project, we will be using our audit perspective to start audits of projects in their early stages of implementation.

24. Performance of Public Enterprises

24.1. Introduction

The Government of Swaziland has its 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.

The Government has disclosed the following investments in the year 2016/2017: -

- (i) 160 Shares of one Lilangeni in AON Swaziland Insurance Brokers LTD.
- (ii) 5 506 234 Shares of fifty cents each in Ned Bank.
- (iii) 3 651 187 Shares of one Lilangeni each in Standard Bank.
- (iv) 6 262 511 Shares of one Lilangeni each in Royal Swd. Sugar Corporation.
- (v) 2 401 Shares of one Lilangeni each in S.E.D.C.O.
- (vi) 600 000 Shares of one Lilangeni each in Swazi Can
- (vii) 615 000 Shares of one Lilangeni each in S.R.I.C.
- (viii) 7 580 000 class "A" Shares of one Lilangeni each in S.I.D.C.
- (ix) 845 000 class "B" Shares of one Lilangeni each in S.I.D.C.
- (x) 54 861 000 Shares of one Lilangeni each in Swazi Bank.
- (xi) 220 Shares of \$1000 each in International Finance Corporation.
- (xii) 18 Shares of \$10 000 each in A.D.B.
- (xiii) 132 Subscription shares of \$1 000 each in the International Bank for
Reconstruction and Development
- (xiv) 750 Shares of one Lilangeni each in R.S.N.A.C.
- (xv) 320 Subscription shares of \$1000 each in International Development Association.

24.2. Category A Public Enterprises

In the year 2016/2017 there are indications that the following Category A public enterprises performed well in the previous financial year and submitted returns on government's investments as follows: -

Parastatal	Dividends Paid (E)
Swaziland Development Finance Corporation	658,240.00
Swazi Bank	2,500,000.00
Swaziland Royal Insurance Corporation	3,523,911.00
Swaziland Railway	5,600,000.00
Total Contribution to Government Revenue Performance	12,282,151.00

The financial statements and operations of the public enterprises are not included in the Public Accounts of the Government of Swaziland. As a result, they are not audited by my office but are audited by private auditors appointed by the institutions, as per the dictates of law.

As mandated by section 21 of the Audit Act No.4. of 2005 and the Public Enterprise Unit (PEU) Circular No. 3/2008, dated 29 July 2008, the category A Public Enterprises are required to submit, to me, their audited annual financial statements and other related reports for review, each year, before tabling in Parliament, by the relevant Minister.

Besides the above requirement, my reviews are also aimed at ensuring that all public funds are accounted for and that the public enterprises comply with the government laws, rules and regulations.

There were 50 Category A Public Enterprises in the year under review. 39 public enterprises submitted their audited financials within the statutory deadline of 30 September each year. Two of them were dormant namely, the Swaziland Tourism Development Company (STDC) and the Commercial Board. The Swaziland National Sports Council (SNSC) requested for an extension.

Six Category A public enterprise did not submit their audited financial statements to the Public Enterprise Unit and my office within the statutory deadline of 30 September each year as shown below.

No.	Sector & Enterprise	Abbreviation	Ministry	Year last submitted
	Transport			
1	Royal Swazi National Airways Corporation	RSNAC	Public Works & Transport	2015
	Business promotion			
2	National Industrial Development Corporation of Swaziland	NIDCS	Commerce, Industry & Trade	None
	Tourism & Environment			

No.	Sector & Enterprise	Abbreviation	Ministry	Year last submitted
3	Swaziland Tourism Authority	STA	Tourism & Environmental Affairs	2016
4	Royal Science & Technology Park	RSTP	Information, Communication & Technology	None
	Information			
5	Swaziland Television Authority	STVA	Information, Communication & Technology	2014
	Education			
6	Swaziland Christian University	SCU	Education	2014

This indicates that these public enterprises do not prioritize financial audits in their annual budgets and operations. As a result, I am not aware of their performance in the years for which they have not submitted their audited financial statements. This norm is against good corporate governance practice, and it violets section 7 of the Public Enterprises (Control and Monitoring) Act, 1989.

24.3. Category B Public Enterprises

In the year 2016/2017 Category B public enterprises made a contribution of E100,640,061.00 toward total government revenue. The return on Government's investment in these public enterprises was as follows: -

Parastatal	Dvidends Paid (E)
Royal Swaziland Sugar Company	14,192,728.00
Swaziland Royal Insurance Corporation	45,920,000.00
Standard Bank Limited	19,792,500.00
Nedbank Swaziland Limited	6,500,000.00
McMillan Swaziland (Pty) Ltd	6,750,000.00
Maloma Colliery	6,337,328.00
Africa Reinsurance Corporation	1,147,505.00
Total Contribution to Government Revenue Performance	100,640,061.00

25. Reference Sheets Response Rate

The table and the diagram below show the response rate to the reference sheets I have issued during this financial year.

Head	Ministry	Reference Sheet Issued	Reference Sheet Responded To	Reference Sheet Outstanding
2	Parliament	1	0	1
3	Private and Cabinet Offices	1	0	1
4	Tourism and Environmental Affairs	1	1	0
5	National Commissioner of Police	1	0	1
6	Deputy Prime Minister's Office	3	3	0
8	Defence	2	0	2
9	Tinkhundla Administration and Development	4	4	0
10	Natural Resources and Energy	8	2	6
20	Agriculture	3	1	2
23	Economic Planning and Development	1	1	0
24	Housing and Urban Development	5	5	0
29	Commerce, Industry and Trade	4	2	2
30	Education and Training	7	0	7
34	Finance	2	1	1
35	Treasury and Stores	4	3	1
40	Labour and Social Security	1	0	1
41	Public Service	1	0	1
43	Information, Communication and Technology	4	2	2
44	Elections and Boundaries Commission	2	1	1
45	Health	1	1	0
46	Justice and Constitutional Affairs	4	2	2
47	Anti-Corruption Commission	1	0	1
49	Correctional Services	2	1	1
50	Home Affairs	2	2	0
53	Public Works and Transport	7	1	6
56	Sports, Culture and Youth Affairs	2	1	1
	Total	74	34	40

Financial Year	Outstanding Reference Sheets
2016/17	54%
2015/16	31%
2014/15	25%

26. Acknowledgements

It is with great pleasure that I express my appreciation to members of staff for their co-operation during the past year and their hard work in preparation of this report.

Furthermore, I also wish to express my appreciation for the co-operation given to me by the Accountant General, Treasury and Stores Department Management and their staff, and the assistance received from officials of all Government Ministries and Departments.



KINGDOM OF SWAZILAND

PART E: MINISTRIES AND DEPARTMENTS



HEAD: 02 PARLIAMENT

Objectives:

To assist Members of the the House of Parliament execute their mandate and to administer the affairs of Parliament.

27. Unauthorized Over Expenditure on Recurrent Vote

Over expenditures beyond the budget provision and beyond amounts that have been appropriated by Parliament are illegal and clearly violate the Appropriation Act as well as Financial and Accounting instruction 0202 (ii).

Notwithstanding the stipulation of the above stated laws, the Controlling Officer spent public funds that were not budgeted for and such expenditure was not authorized by Parliament. The over expenditure was as follows:

Head	Item	Released Budget (E)	Actual/Committed Expenditure (E)	Over Expenditure (E)	Over Expenditure (%)
02	CTA Vehicle Charges	1,270,727.00	1,592,607.25	321,880.25	25

The Controlling Officer did not furnish me with any authority that allowed disbursement of public funds beyond the budget provision and the Appropriation Act of 2017.

HEAD: 03 PRIVATE AND CABINET OFFICES

Objectives:

To operate and support the offices of the Prime Minister and Cabinet.

28. Unauthorized Over Expenditure on Recurrent Vote

Over expenditures beyond the budget provision and beyond amounts that have been appropriated by Parliament are illegal and clearly violate the Appropriation Act as well as Financial and Accounting instruction 0202 (ii).

Notwithstanding the stipulation of the above stated laws, the Controlling Officer spent public funds that were not budgeted for and such expenditure was not authorized by Parliament. The over expenditure was as follows:

Head	Item	Released Budget (E)	Actual/Committed Expenditure (E)	Over Expenditure (E)	Over Expenditure (%)
03	CTA Vehicle Charges	916,558.00	3,312,102.74	2,395,544.74	261

The Controlling Officer did not furnish me with any authority that allowed disbursement of public funds beyond the budget provision and the Appropriation Act of 2017.

HEAD: 04 TOURISM AND ENVIRONMENTAL AFFAIRS

Objectives:

Tourism – To promote and sustain development of the Tourism Section.
Environment – To preserve the environment.

29. Audit of Ministry of Tourism and Environmental Affairs

An audit of the Ministry of Tourism and Environmental Affairs was carried out for the financial years ended 31 March 2015, 2016 and 2017.

A report referenced T2/Vol.II/29 and dated 29 December 2017 was issued to the Controlling Officer in the Ministry of Tourism and Environmental Affairs. The Controlling Officer responded through a memorandum referenced TEA 2/8 and dated 11th January 2018. However, the following matters remained unresolved.

29.1. Unjustified CTA Charges

I reported to the Controlling Officer that an amount of E164,201.40 in respect of CTA charges on fuel and maintenance costs had been disbursed from the Ministry's vote but the costs were charged to vehicles that did not belong to the Ministry. I was however not furnished with authority allowing the use of the Ministry's budget to finance costs incurred by other Ministries. This was a violation section 0203(/viii) of the Financial and Accounting Instructions (1970) where accounting officers are charged with the responsibility to ensure that no payments are made without proper authority and to report any waste or extravagance which comes to their notice.

I then advised the Controlling Officer to investigate the matter, request for reimbursements from the other Ministries where necessary and take necessary action against those implicated.

In his response the Controlling Officer concurred with my findings and stated that his Ministry had consulted and made several follow-ups to CTA on the matter and after seeing that he was not getting any response, resolved to write a letter of demand for the E164,201.40 refund.

The Controlling Officer further revealed that certain anomalies in this particular section may have been generated by officials from within the Ministry and hence they had identified and were investigating the officials involved, with the view of taking appropriate action against them.

Whilst I appreciate the efforts of the Controlling Officer, I am very concerned that the implication here is that there was poor monitoring and reconciliation of CTA charges by the Ministry. As a result, risks such as theft of fuel and vehicle maintenance parts, overspending on the budget, funding of authorized expenditure and fictitious transactions were increased.

At the time of reporting, I was not aware of the outcome of the investigation and if any action had been taken against those responsible.

29.2. Fuel Charges and Maintenance Costs for Unserviceable Vehicles

I also reported that during the audit I discovered that the Ministry incurred expenditure amounting to E29, 227.94 in respect of unserviceable vehicles which were boarded. I drew the Controlling Officer's attention to his memorandum referenced TEA7, dated 4th January 2016, whereby he requested the General Transport Manager to board two vehicles with registration numbers GSD 027TC and GSD 036TC. However, both vehicles mysteriously continued to incur charges up to 1 September 2016. I further notified the Controlling Officer that the charges were monthly and were of the same amount each month. Below is an analysis of the charges:

GSD 027TC		GSD 036TC	
Date	Amount Paid (E)	Date	Amount Paid (E)
01/03/2016	1,775.20	01/03/2016	2,400.22
01/04/2016	1,775.20	01/04/2016	2,400.22
01/05/2016	1,775.20	01/05/2016	2,400.22
01/06/2016	1,775.20	01/06/2016	2,400.22
01/07/2016	1,775.20	01/07/2016	2,400.22
01/08/2016	1,775.20	01/08/2016	2,400.22
01/09/2016	1,775.20	01/09/2016	2,400.22
Total	12, 426.40	Total	16,801.54

I further reported that a Mitsubishi Sedan with registration no. GSD034TC was recommended by the Ministry's Principal Human Resource Officer for surrender to CTA in response to a request by the General Transport Manager that all Heads of Departments surrender all obsolete vehicles to the Central Transport Administration.

This was done through a Memorandum referenced T230, dated 2nd June 2016. I notified the Controlling Officer that to my surprise, the same vehicle continued incurring fuel and maintenance charges from 1st July 2016 up to 01st March 2017 thus unnecessarily consuming E29, 467.20. Refer to analysis below for the charges incurred:

Date	Amount Paid (E)
01/07/2016	2,515.00
01/08/2016	550.00
01/08/2016	1,100.00
01/08/2016	2,515.00
01/09/2016	2,515.00
30/09/2016	572.00
30/09/2016	1,144.00
01/10/2016	2,515.20
01/11/2016	2,515.20
29/11/2016	539.00

Date	Amount Paid (E)
29/11/2016	1,078.00
01/12/2016	2,515.20
16/12/2016	616.00
16/12/2016	1,232.00
01/01/2017	2,515.20
01/02/2017	2,515.20
01/03/2017	2,515.20
Total Amount	29,467.20

Procedurally, unserviceable vehicles are supposed to cease operations and be returned to CTA for boarding.

In his response, the Controlling Officer agreed that the vehicles registered GSD 027TC and GSD 037 TC were indeed boarded on 4th January, 2016 and continued to incur charges from the Ministry's vote. He explained that upon inquiry with the CTA, the CTA alleged that both vehicles continued charging rent until they were sold through government auction. He further stated that the CTA had claimed that this was within CTA policy but such policy was not provided to the Ministry. In the case of the vehicle registered GSD 034 TC, the Controlling Officer stated that in their records, the vehicle was never boarded and was still being used by the Ministry hence it continued incurring charges.

The Controlling Officer's response is not satisfactory because evidence substantiating his assertions was not provided. Moreover, according to my investigations regarding the vehicle registered GSD 034 TC, though it was eventually not boarded, it has been lying idle at the Ministry since December 2016. Efforts to get the vehicle's log book to ascertain the date the vehicle was last used, proved futile as the Ministry claimed the log book was locked up in the car and that the car keys were locked up in a safe whose keys were lost. Efforts to get the duplicate spare car keys from the CTA by the Ministry's transport officer also proved futile.

I am therefore, very concerned that as it stands, I am not convinced that the costs incurred were justified and hence cannot rule out that the costs incurred were for stolen fuel and vehicle maintenance parts, unauthorized vehicles, abused vehicles or fictitious transactions. The Controlling Officer neglected his duty to ensure regular reconciliation of vehicle records with CTA charges in order to identify and correct anomalies promptly.

HEAD: 05 NATIONAL COMMISSIONER OF POLICE

Objectives:

Law enforcement – To prevent crime, to preserve lawful order and to maintain internal security.

30. Unauthorized Over Expenditure on Recurrent Vote

Over expenditures beyond the budget provision and beyond amounts that have been appropriated by Parliament are illegal and clearly violate the Appropriation Act as well as Financial and Accounting instruction 0202 (ii).

Notwithstanding the stipulation of the above stated laws, the Controlling Officer spent public funds that were not budgeted for and such expenditure was not authorized by Parliament. The over expenditure was as follows:

Head	Item	Released Budget (E)	Actual/Committed Expenditure (E)	Over Expenditure (E)	Over Expenditure (%)
05	CTA Vehicle Charges	49,947,693	124,458,704.24	74,511,511.24	149
05	Grants and Subsidies – External	2,246,000	2,889,529.80	643,529.80	28.65

The Controlling Officer did not furnish me with any authority that allowed disbursement of public funds beyond the budget provision and the Appropriation Act of 2017.

HEAD: 06 DEPUTY PRIME MINISTER'S OFFICE

Objectives:

To provide back-up support to the Office of the Prime Minister as and when this required. To setup and oversee a national policy and institutional environment that supports effect delivey of Government services through a well coordinated decentralized system with a special emphasis on a comprehensive social welfare system, gender mainstreaming, children issues as well as proactive disaster preparedness within the development discourse.

31. Audit of Disability Grants

An audit inspection was carried out at the Deputy Prime Minister's Office, and a Memorandum referenced D21. Vol.11/3, dated 25th July 2017 was issued to the Principal Secretary.

In my memorandum quoted above, I communicated my concerns about various anomalies in the Disability grants. However, the Controlling officer did not address my concerns satisfactorily.

31.1. Non-development of Guidelines

I reported to the Controlling Officer about my concerns that guidelines on the disbursement of disability grants had not been developed. Despite the none development of guidelines, the Controlling Officer had disbursed disability grants to a total amount of E12, 466,240.00 during the financial years ended 31st March 2014, 31st March 2015 and 31st March 2016.

Development of the guidelines is a requirement that is stipulated by Section 4.3 (iv) of the National Disability Policy of 2013.

The policy states that, Government should develop guidelines on how persons with disabilities, who live below the poverty line, will access funds in various development schemes, including the assessment criteria to qualify for support from the grant. Presently, eligibility assessment and screening of disabled citizens are conducted by Social Workers.

However, without guidelines, deserving disabled people may be omitted from the list of beneficiaries whilst undeserving beneficiaries may receive disability grants.

In her response referenced SW/1/14/6, dated 14 August 2017, the Controlling Officer stated that her office was currently reviewing and updating the regulations of 2009 and that it would be initiated promptly with the Ministry of Finance. I have not received any feedback concerning the matter.

Guidelines should include an independent assessment of the disabled citizens' health condition, by a competent medical specialist, so that only eligible persons benefit from the grant.

31.2. Non-deserving beneficiaries

I also reported that an amount of **E31, 040.00** was paid to non-deserving beneficiaries without the approval of Social Workers that are employed by government to screen all disabled citizens before they are included in the Government System, countrywide.

The table below is a sample depicting amounts drawn by non-deserving beneficiaries since the year 2014: -

Table 31.2 (a)

Beneficiary's ID	Beneficiary's Name	Inkhundla	Umphakatsi	Amount Paid (E)
9908216100532	Neliswa Mabuza	Ngwempisi	Dladleni	2,560.00
5912216100173	Elijah Fakudze	Ngwempisi	Dladleni	2,560.00
6608021100155	Fakudze Dorah Khanyisile	Ngwempisi	Dladleni	2,560.00
5707221100253	Kunene Ivy Thandie	Ngwempisi	Dladleni	2,560.00
6611071100133	Malaza Sibongile Bridget	Ngwempisi	Dladleni	2,560.00
7004116100111	Motsa Gabriel Bongokuhle	Ngwempisi	Dladleni	2,560.00
6010101101221	Mkhatshwa Gabsile	Ludzeludze	Mbekelweni	2,640.00
7205276100334	Dlamini Muntu Solomon	Ludzeludze	Mbekelweni	2,640.00
8910086100205	Mfanukhona Shongwe	Ludzeludze	Mbekelweni	2,880.00
5911286100170	Shabangu Nehemiah	Ludzeludze	Mbekelweni	2,880.00
7009306100300	Mkhonta Siphon Patric	Ngwempisi	Mgazini	2,560.00
8904076100036	Mkhaliphi Innocent	Ngwempisi	Ngcoseni	2,080.00
6201031100033	Nxumalo Loncwala Sibongile	Ludzeludze	Zombodze	2,880.00
Total Amount				E31,040.00

In her response, the Controlling Officer concurred with my findings, and further assigned Social Welfare Officers, under the Manzini Region, to conduct an assessment on the authenticity of the disabilities of the beneficiaries, and remove undeserving beneficiaries from the payroll, including those whose conditions had been normalised. However, I have not received a report of the assessment that was conducted after my audit.

While I appreciate the Controlling Officer's efforts, I am concerned that, without guidelines and suitable criteria for registration and deregistration of beneficiaries, mistakes are likely to occur.

31.3. Unauthorised Beneficiaries

Furthermore, I reported about individuals who were added into the beneficiaries' list without the approval of the Social Workers and were paid disability grants amounting to **E197, 680.00**. The following table shows beneficiaries captured into the payment system without the knowledge or approval of the Social Workers:-

Table 31.3 (a)

Beneficiaries Name	Identity No:	Inkhundla	Umphakatsi	Grant Received 2013/14 (E)	Grant Received 2014/15 (E)	Grant Received 2015/16 (E)	Total Amount (E)
Thabsile Makhosazane Maziya	8501221100190	Dvokodvweni	Malindza	960.00	720.00	240.00	1,920.00
Mnisi Ziyanda	8704191100519	Dvokodvweni	Malindza	960.00	960.00	720.00	2,640.00
Siphelile Betty Tsabedze	640325110006	Dvokodvweni	Malindza	960.00	960.00	720.00	2,640.00
Christinia Mathathela Mkhathshwa	5803191100041	Dvokodvweni	Malindza		960.00	720.00	1,680.00
Mkhathshwa Mfanzile	8103196100196	Dvokodvweni	Malindza	960.00	960.00	720.00	2,640.00
Dlamini Ntombikayise	5810121100207	Dvokodvweni	Malindza	960.00	960.00	720.00	2,640.00
Bulunga Nonhlanhla Bongwe	8506121100208	Dvokodvweni	Malindza	960.00	960.00	720.00	2,640.00
Tsabedze Sindisiwe Siphephille	8512231100385	Dvokodvweni	Malindza	960.00	960.00	720.00	2,640.00
Dlamini Ngcebase Margaret	6502081100181	Dvokodvweni	Malindza	960.00	960.00	720.00	2,640.00
Dlamini Raymond Mbuso	6212116100095	Dvokodvweni	Malindza	960.00	720.00	720.00	2,400.00
Tsabedze Siyabonga Malamlela	409247100186	Dvokodvweni	Malindza	960.00	960.00	720.00	2,640.00
Magagula Vamsile Zodvwa	207142100446	Dvokodvweni	Malindza	960.00	960.00	720.00	2,640.00
Shongwe Nkosingiphile	8207026100977	Dvokodvweni	Malindza	720.00			720.00
Mamba Phindile Rose	7811111100890	Nkilongo	Mahlabaneni	480	480		960.00
Gina Sipho Peter	6407276100238	Nkilongo	Gamula	960.00	960.00	720.00	2,640.00
Shabangu Mbhele Sibusiso	8104156100275	Nkilongo	Gamula	960.00	960.00	720.00	2,640.00
Dlamini Phakamile Nonhlanhla	9212151100361	Nkilongo	Gamula	960.00	960.00	720.00	2,640.00
Cele Mfunwa Lwazi	9705026100128	Nkilongo	Gamula	960.00	960.00	720.00	2,640.00
Dlamini Sifiso Timothy	9807196100449	Nkilongo	Gamula	960.00	960.00	720.00	2,640.00
Mkhabela Sicelo	9106196100339	Nkilongo	Gamula	960.00	960.00	720.00	2,640.00
Matse Mcebo	9412086100037	Nkilongo	Gamula	960.00	960.00	720.00	2,640.00
Thabede Bhokie	7203136100263	Nkilongo	Gamula	960.00	720.00	720.00	2,400.00
Matsenjwa Sipho	6611056100231	Nkilongo	Gamula	960.00	960.00	720.00	2,640.00
Annah Gumedze	6706271100154	Nkilongo	Gamula	480.00	960.00	720.00	2,140.00
Doris Ntjanganase	7404061100233	Nkilongo	Gamula	480.00	960.00	720.00	2,160.00
Nonhlanhla Tsabedze	6811301100115	Nkilongo	Gamula		720.00		720.00

Beneficiaries Name	Identity No:	Inkhundla	Umphakatsi	Grant Received 2013/14 (E)	Grant Received 2014/15 (E)	Grant Received 2015/16 (E)	Total Amount (E)
Sipho Mdluli	7604196100616	Nkilongo	Gamula	960.00	960.00	720.00	2,640.00
Bhekinkosi Gabani Phakathi	6303236100279	Nkilongo	Ngevini	960.00	960.00	720.00	2,640.00
Shongwe Maureen Ntombini	8910161100302	Nkilongo	Phafeni	960.00	960.00	720.00	2,640.00
Mngomezulu Nolwazi Precious	9610201100200	Nkilongo	Ngevini	960.00	960.00	480	2,400.00
Msane Phila Nqaba	8110146100127	Mpolonjeni	Ngcina	240	720.00	720.00	1,680.00
Magagula Absalom Manhlenkhula	6607076100169	Mpolonjeni	Ngcina	240	720.00	720.00	1,680.00
Gamedze Sisana Ruth	7703081100192	Mpolonjeni	Ngcina	240	720.00	720.00	1,680.00
Magagula Makhosonke Abel	8705246100024	Mpolonjeni	Ngcina	240.00	720.00	720.00	1,680.00
Gina Sabelo Sipho	7712286100311	Mpolonjeni	Shoba	960.00	720.00	720.00	2,400.00
Tsabedze Ntombikayise Dorah	6112101100102	Mpolonjeni	Ngcina	960.00	240.00	720.00	1,920.00
Mkhabela Mirriam Teyamisile	6809011100276	Dvokodweni	Mdumezulu		240.00		240.00
Nkambule Margareth Lantshilane	5808111100229	Dvokodweni	Mdumezulu	240.00	960.00	240.00	1,140.00
Tsabedze Lizzy Velaphi	5705201100103	Dvokodweni	Mdumezulu	240.00	960.00		1,200.00
Dlamini Mancoba Mduduzi	9602216100036	Siteki	KaLanga		480.00	240.00	720.00
Dlamini Ncinci Maphosa	7405261100105	Siteki	KaLanga			240.00	240.00
Bulunga Colile Posia	8707071100707	Dvokodweni	Malindza	960.00	960.00	720.00	2,640.00
Mazibuko Martha Tilungisile	5410191100086	Dvokodweni	Malindza	240.00	720.00		960.00
Dlamini Obed Mphiwe	7604086100304	Dvokodweni	Malindza	960.00	960.00	720.00	1,200.00
Ndzimadze Ncandzekile	6910071100204	Dvokodweni	Malindza	960.00	960.00	720.00	2,640.00
Khumalo Celucolo, Makhosokhe	9105016100206	Dvokodweni	Malindza	960.00	960.00	720.00	2,640.00
Dlamini Richard Mjiza	5806266100234	Dvokodweni	Malindza	960.00	960.00	720.00	2,640.00
Gwebu Norman Mfana	5704026100125	Dvokodweni	Malindza	960.00	960.00	720.00	2,640.00
Nkhambule Hendry Sabelo	6508196100156	Dvokodweni	Malindza	960.00	960.00	720.00	2,640.00
Lukhele Enock Mphikeleli	5506056100291	Dvokodweni	Malindza	960.00	960.00	720.00	2,640.00
Dlamini Vusumuzi Brian	6104026100176	Dvokodweni	Malindza	960.00	960.00	720.00	2,640.00
Mfuma Chicco Danana	7001016105232	Dvokodweni	Malindza	960.00	960.00	720.00	2,640.00
Dlamini Lindiwe Phindile	7012121100265	Dvokodweni	Malindza	960.00	960.00	720.00	2,640.00
Dlamini Sikelela	5403186100104	Dvokodweni	Malindza	960.00	720.00	720.00	1,920.00

Beneficiaries Name	Identity No:	Inkhundla	Umphakatsi	Grant Received 2013/14 (E)	Grant Received 2014/15 (E)	Grant Received 2015/16 (E)	Total Amount (E)
Magagula Khwali	9002246100272	Dvokodvweni	Malindza	960.00	960.00	720.00	2,640.00
Hlandze Gladys Thabsile	7008241100284	Dvokodvweni	Malindza	480.00	960.00	720.00	2,160.00
Mvubu Tholi Sydney	7803286100458	Dvokodvweni	Malindza	960.00	960.00	720.00	2,640.00
Magagula Brian Mdziniso	8912106100223	Dvokodvweni	Malindza	960.00	960.00	720.00	2,640.00
Mamba Lavusela Precious	7102051100151	Ngudzeni	Phobane		960.00	720.00	960.00
Masuku Mxolisi	8307246100540	Ngudzeni	Mhawu		960.00	720.00	1,680.00
Simelane Thulisile	6510031100201	Ngudzeni	Mhawu		960.00	720.00	1,680.00
Dlamini Mfanzile S'boniso	8506016100206	Ngudzeni	Emphini		960.00	720.00	1,680.00
Dlamini Ntozakhe Punuzi	8910221100821	Ngudzeni	Emphini		960.00	720.00	1,680.00
Mamba Mzwandile	8712306100381	Ngudzeni	Emphini		960.00	720.00	1,680.00
Mhlanga Nonjabuliso Siboniso	9906166100593	Ngudzeni	Emphini		960.00	720.00	1,680.00
Mkhumane Nothando	9707231100604	Ngudzeni	Emphini		960.00	720.00	1,680.00
Mthinkhulu Mduduzi Vusie	8008216100193	Ngudzeni	Emphini		960.00	720.00	1,680.00
Ndlovu Cebesile	8601161100281	Ngudzeni	Emphini		960.00	720.00	1,680.00
Ndzabandzaba Dingane Tata	6605106100381	Ngudzeni	Emphini		960.00	720.00	1,680.00
Xaba Msebenzi Phili	7408101100566	Ngudzeni	Emphini		960.00	720.00	1,680.00
Dlamini Londiwe	8601011102446	Ngudzeni	Mkhaya		720.00		720.00
Mamba Sibangani	8805056100575	Ngudzeni	Mkhaya		960.00	720.00	1,680.00
Matsebula Bhekisisa	8102036100606	Ngudzeni	Mkhaya		960.00	720.00	1,680.00
Mkhatshwa Thinka Mkhari	6004046100505	Ngudzeni	Mkhaya		960.00	720.00	1,680.00
Msibi Mdamara Bhekinkosi	8104016100440	Ngudzeni	Mkhaya		960.00	720.00	1,680.00
Mamba Tholakele Victoria	7901271100200	Ngudzeni	Mshengu		960.00	720.00	1,680.00
Mamba Longalo Moses	5908056100182	Ngudzeni	Ndushulweni		960.00	720.00	1,680.00
Ndzimandze Simphiwe	3207100359	Ngudzeni	Ndushulweni		960.00	720.00	1,680.00
Ngcamphalala Tengetile Simiso	900211110217	Ngudzeni	Ndushulweni		960.00	720.00	1,680.00
Shabangu Kholina Funani	7408081100867	Ngudzeni	Ndushulweni		960.00	720.00	1,680.00
Sithole Malungisa Philani	9705156100344	Ngudzeni	Ndushulweni		960.00	720.00	1,680.00
Tsabedze Ntsetselelo Nesta	6603121100361	Ngudzeni	Ndushulweni		960.00	720.00	1,680.00

Beneficiaries Name	Identity No:	Inkhundla	Umphakatsi	Grant Received 2013/14 (E)	Grant Received 2014/15 (E)	Grant Received 2015/16 (E)	Total Amount (E)
Dladla Samuel Mbhekeni	7901166100323	Enkwene	Enkwene		960.00	720.00	1,680.00
Dlamini Ephraem Mgadlala	5504276100167	Enkwene	Enkwene		960.00	720.00	1,680.00
Dlamini Mbongeni	7307196100167	Enkwene	Enkwene		960.00	720.00	1,680.00
Dlamini Ngondvwane Samuel	5612156100221	Enkwene	Enkwene		960.00	720.00	1,680.00
Dlamini Nippy Ntfombitanele	6401101100448	Enkwene	Enkwene		960.00	720.00	1,680.00
Dlamini Nkosephayo Mlungisi	1197100579	Enkwene	Enkwene		960.00	720.00	1,680.00
Dlamini Patience	7908281100526	Enkwene	Enkwene		960.00	720.00	1,680.00
Dlamini Philisiwe Mbuzununu	6911061100352	Enkwene	Enkwene		960.00	720.00	1,680.00
Dlamini Vusi	7204106100499	Enkwene	Enkwene		960.00	720.00	1,680.00
Kunene Bheki solomon	7301016102290	Enkwene	Enkwene		960.00	720.00	1,680.00
Dlamini Bhokinkosi Dam	6401016104600	Enkwene	Buseleni		960.00	720.00	1,680.00
Dlamini Chawe Patrick	9002046100118	Enkwene	Buseleni		960.00	720.00	1,680.00
Dlamini Lungile Mthembeni	7611181100295	Enkwene	Buseleni		960.00	720.00	1,680.00
Dlamini Sikelela Nkosinathi	7910056100590	Enkwene	Buseleni		960.00	720.00	1,680.00
Dlamini Tenele	8603151100073	Enkwene	Buseleni		960.00	720.00	1,680.00
Makhanya Themba Dunguzela	6907066100199	Enkwene	Buseleni		960.00	720.00	1,680.00
Mamba Musa Mshweshwe	6912186100228	Enkwene	Buseleni		960.00	720.00	1,680.00
Manana Duduzile Sipiwe	7904081100543	Enkwene	Buseleni		960.00	720.00	1,680.00
Masuku Fikile	8212191100513	Enkwene	Buseleni		960.00	720.00	1,680.00
Masuku Khanyakwenzwe Amos	7908016100593	Enkwene	Buseleni		960.00	720.00	1,680.00
Total Amount							197,680.00

Payment of unauthorised disability grants as shown above, violated the process for registering beneficiaries which requires that Social Welfare Officers should complete a Disability Social Grant Registration form, after having conducted a “means testing exercise”, as part of their screening process. This is stipulated in the National Disability Policy of 2013.

In her response, the Controlling Officer concurred with my findings and further revealed that there were some beneficiaries of the disability grant who were unknown to the community authorities yet the documents used to support the disability grants payments purported that the beneficiaries belonged to the Chiefdoms who disowned them. Such a scenario poses a risk that fraudulent disability grants may be successfully claimed by underserving citizens.

Furthermore, after my audit inspection, the Controlling Officer reported that Social Welfare Officers were assigned to conduct an assessment at Dvokodvweni Inkhundla and their results confirmed that the following listed beneficiaries were unknown to the Inkhundla Counsellor (Indvuna) and Bucopho.

The following table depicts beneficiaries reported to be unknown in the area:

Table 31.3. (b)

Name	Identification	Umphakatsi	Inkhundla
Bongiwe Bulunga	85061211000208	Malindza	Dvokodvweni
Phumlile Dlamini	92083211100333	Malindza	Dvokodvweni
Thabsile Maziya	8501221100190	Malindza	Dvokodvweni
Nkosingiphile Shongwe	8207026100977	Malindza	Dvokodvweni

31.4. Non-compliance with the Social Welfare Assistance Fund Regulations of 2009

On another note, I expressed my concern on the weak internal controls in the management of Welfare Grants. The payment system was able to accept beneficiaries straight from the communities (Tinkhundla) without involving Social Welfare Officers, yet the regulations require that Social Welfare Officers should authorise eligible beneficiaries.

The non-compliance with the Social Welfare Assistance Fund Regulations of 2009 resulted to a payment of **E7, 200.00**, which was not budgeted for.

The Controlling Officer’s response was that guidelines would be developed in compliance with the policy and that beneficiaries would be re-screened in line with

regulations. There was no evidence furnished to my Office at the time of my report that re-screening had been made.

Listed below are the beneficiaries that were not screened by Social Welfare Officers.

Table 31.4. (a)

Lubombo Region						
	I.D.	Name	Umphakati	Inkhundla	Period in thumb list register	Grant paid (E)
1.	6407276100238	Sipho Gina	Gamula	Nkilongo	2013/1	240.00
2.	8104156100275	Sibusiso Mbele	Gamula	Nkilongo	2013/1	240.00
3.	0209097100256	Wakhile Manzini	Ngevini	Nkilongo	2013/1	240.00
4.	921215100361	Phakamile Dlamini	Gamula	Nkilongo	2013/1	240.00
5.	9705026100128	Lwazi Cele	Gamula	Nkilongo	2013/1	240.00
6.	9807196100449	Sifiso Dlamini	Gamula	Nkilongo	2013/1	240.00
7.	9106196100339	Scelo Mkhabela	Gamula	Nkilongo	2013/1	240.00
8.	9412086100037	Gcebo Matse	Gamula	Nkilongo	2013/1	240.00
9.	7203136100263	Bhekie Tsabedze	Gamula	Nkilongo	2013/1	240.00
10.	66011072100378	Tiphetsile Ngwenya	Gamula	Nkilongo	2013/1	240.00
11.	6611056100231	Sipho Matsenjwa	Gamula	Nkilongo	2013/1	240.00
12.	6706271100154	Anna Gumedze	Gamula	Nkilongo	2013/1	240.00
13.	7404061100233	Doris Ntjangase	Gamula	Nkilongo	2013/1	240.00
14.	7604196100616	Sipho Mdluli	Gamula	Nkilongo	2013/1	240.00
15.	8204111100236	Ncobile Siyaya	Mahlabaneni	Nkilongo	2013/2	240.00
16.	6008286100349	Sipho Sibandze	Ngevini	Nkilongo	2013/1	240.00
17.	8012051100524	Nomsa Matsenjwa	Siphofaneni	Kamkhweli	2013/1	240.00
18.	8505126100221	Mfanuzile Shongwe	Siphofaneni	Kamkhweli	2013/1	240.00
19.	8207026100977	Nkhosingiphile Shongwe	Dvokodvweni	Malindza	2013/1	240.00
20.	9208311100333	Phumlile Dlamini	Dvokodvweni	Malindza	2013/1	240.00
21.	8207246100252	Sabelo Zulu	Mhlume	Vuvulane	2013/1	240.00
22.	6809166100527	Mkhipheni Hlanze	Sithobela	Nkonjwa	2013/1	240.00
23.	7112206100170	Joel Mamba	Sithobela	Nkonjwa	2013/1	240.00
24.	62081361000119	Samson Mamba	Sithobela	Nkonjwa	2013/1	240.00

Lubombo Region						
	I.D.	Name	Umphakati	Inkhundla	Period in thumb list register	Grant paid (E)
25.	6105151100105	Philisiwe Matsebula	Sithobeleni	Nkonjwa	2013/1	240.00
26.	5501016102016	Mladuli Ngcamphalala	Sithobelweni	Nkonjwa	2013/1	240.00
27.	7810186100454	Musa Mamba	Sithobela	Luhlanyeni	2013/1	240.00
28.	8501221100190	Thabsile Maziya	Dvokodvweni	Malindza	2013/1	240.00
29.	8506121100208	Bongiwe Bulunga	Dvokodvweni	Malindza	2013/1	240.00
30.	5201016107632	Siyabonga Tsabedze	Dvokodvweni	Malindza	2013/1	240.00
Total Amount						7,200.00

31.5. Non-reconciliation of the Disability Grants Accounts.

The disability grant is issued from the Treasury Department under item 10611 as imprest, which is expected to be retired on or before the date specified in the warrant in accordance with Financial and Accounting Instruction 1403. This financial regulation states that the imprest must be retired on or before the date specified in the imprest warrant, so that outstanding balances are officially cleared out from the accounting records instead of accumulating over unauthorised extended periods.

However, it was noted that when depositing any balance remaining after grant pay-outs, the accountants did not submit the deposit slips from the bank to the Revenue Offices, to enable balancing of the imprest. Consequently, the suspense account accumulated an outstanding balance amounting to **E12,466,240.00** over the financial years 2014, 2015 and 2016.

The non-submission of the deposit slips was in contravention of Section 1403 and 1404 of Financial Accounting Instructions of 1970. Financial Accounting Instruction 1401 states that the imprest should be reimbursed by submitting vouchers to the Treasury in accordance with Instruction 1407.

In her response, The Controlling Officer, stated that the accounts section in her office was still compiling the reconciliation of the statements and she promised to up-date me once she had completed the exercise. However, there were no documents availed at the time of writing this report.

32. Audit of Payroll – Deputy Prime Minister’s Office.

A payroll audit at the Deputy Prime Minister’s Office for the year ended 31st March 2016 was conducted.

A report referenced D21/Vol.III/5 and dated 12 September 2017 was issued to the Controlling Officer in the Deputy Prime Minister’s Office. The controlling officer responded through a memorandum dated 3 October 2017 and referenced DPM/H38. However, the response did not satisfactorily address the following matters.

32.1. Undeserved Overtime Payments

I reported to the Controlling Officer that an amount of E16 507.71 was wrongfully paid as overtime allowances to two accounting officers who allegedly performed overtime duties at the Trade Fair in 2014. The audit revealed that the request for authority memorandum, from the Deputy Prime Minister’s Office to the Principal Secretary, Ministry of Public Service, dated 23rd July 2014 and referenced DPM/1/10, which supported their payments, differed from the original copy of the memorandum which was received by the Ministry of Public Service on the 25th July 2014. The original request did not bear the names of the two accounting officers whilst the one attached to their payments had their names fraudulently inserted.

I drew the Controlling Officer’s attention to the notable anomaly whereby the page on which their names were fraudulently inserted was retyped using a reduced font size to allow the whole list to fit in that page in order not to affect the last page which had the endorsement of the Principal Secretary. Furthermore, I alerted the Controlling Officer that when interviewed, the supervisors of the Trade Fair duties, at the Deputy Prime Minister’s Office, were unaware about duties that would have required accounting officers to work overtime during the course of the Trade Fair in 2014. The table below shows the payments made to the two undeserving officers.

Employment No	Dates of overtime	Amount (E)
3937240	29/08/14 - 05/09/14	8, 019.18
4873592	29/08/14 - 05/09/14	8, 488.53
Total		16, 507.71

The Controlling Officer in her response stated that the two accounting officers maintained that they did Trade Fair duties on request by the late Mrs. Thandi Maziya who was the Director of Social Welfare Department and retired Mr. Mabuza who was the Under Secretary at Ministry at that time hence leaving no one to vouch for them. She further stated that as a result of the above stated

reason, the two accounting officers had made an undertaking to pay back the said overtime.

I am not satisfied by the Controlling Officer’s response because it does not address the issue of the differences in the requests for authority to claim overtime. Moreover, the response does not shed light on the nature of duties which the accounting officers performed and evidence thereof. Furthermore, at the time of writing this report, there was no evidence that any of the wrongly paid overtime amounts had been recovered, despite the accounting officers’ undertaking to pay back the unduly paid overtime.

I am concerned that Government’s control measures were intentionally flouted and not detected prior to my audit. Adherence to sections 0204 (ii) of the Financial and Accounting Instructions of 1970, where it is stated that if at any time there is loss of Government funds by reason of neglect or fault, the responsible officer will be liable to be surcharged with the amount and any sums due him/her may be withheld in satisfaction of such surcharge, is therefore necessary to deter such. It also worries me that the Controlling Officer seemingly does not take seriously sections 0509 and 0203(i) of the Financial and Accounting Instructions of 1970 which require prompt recovery of overpaid amounts.

32.2. Absence of rent deduction and housing allowance in officers’ salaries

I also reported to the Controlling Officer that some officers’ accommodation status was unclear as there was neither rent deductions nor housing allowances on their salaries. This is contrary to General Order A.761 which states that ‘rent for government quarters should be collected from an officer’s salary’ and General Order A.778 which states that ‘an officer who is not accommodated should be eligible for payment of a housing allowance irrespective of whether or not he is employed on non-pensionable and permanent terms’. The table below shows the reported scenarios for the different government employees.

Employment No	Designation	Observation
3500183	Social welfare Officer	Had neither rent deduction nor housing allowance from September 2003 to August 2015.
3702141	Messenger	Had neither rent deduction nor housing allowance ever since she was salaried as a government employee from December 2009
9993152	House Maid	Had neither rent deduction nor housing allowance ever since she was salaried as a government employee with effect from April 2008
9505973	Labourer	Had neither rent deduction nor housing allowance ever since she was salaried as a government employee with effect from March 2014

I raised my concern to the Controlling Officer that rentals due to government for the housing benefit may not have been collected, thus subjecting Government to a loss and

furthermore, that Government may have been deprived of tax revenue in respect of the housing benefit, in cases where the officers were housed by Government.

Concerning the absence of housing allowances, I advised the Controlling Officer of the possibility that the Government's debt, regarding unpaid housing allowances, may be accumulating on a monthly basis which could result in accumulation of unbudgeted for costs and subsequently costly legal implications in cases where the affected officers decided to seek the legal route in addressing the issue.

In her response, the Controlling Officer stated that the officer with employment no. 3500183 was retired and that the audit team should meet her in person to get a clearer version of the sequence of events leading to the officer paying her last rent on the cited date. Regarding the officer with employment no. 3702141, the Controlling Officer stated the officer was initially employed as a messenger but was later transferred to Half-way House to assume duties as a house maid hence she was not entitled to a housing allowance.

With regards to the officer with employment no. 9993152, the Controlling Officer stated that the officer was employed as a House Maid but later transferred to the Social Department to work as a messenger because she was deemed not fit to work as a house maid because of her age at that time. She further stated that the officer had applied for a variation of appointment from the post of house maid to that of messenger with effect from 9 June 2016 and would therefore start getting paid her housing allowance with effect from 9th June 2016 when she had varied to the post of messenger. She stated that her housing allowance arrears amounting to E5,000.00 were being processed for payment and would thereafter get her monthly housing allowance.

With respect to the officer with employment no. 9505973, the Controlling Officer stated that the Officer appeared on different grades which made it difficult to pay him his housing allowance at the time until the issue was rectified. She further stated that the officer was first employed as Cleaner/Messenger Grade A1 yet his substantive post was that of Labourer, Grade A1. Further to the issue of grades, she stated that when her office tried to pay the officer his entitled housing allowance, the accounts office cited budgetary constraints as the reason for not paying him the outstanding housing allowance arrears. The Controlling Officer then attested that the issue of Grades had been resolved and rectified, and that the Deputy Prime Minister's office through the accounts office was in the process of paying him the Housing Allowance.

I am not satisfied by the Controlling Officer's response firstly because she did not provide any documented evidence supporting any of her assertions. Therefore, the representations made by the Controlling Officer cannot be ascertained. Regarding her response in respect of the officer with employment no. 3500183, my office has a mandate to audit Government entities and not individual persons hence it was and still

is the duty of the Controlling Officer to give the required responses regarding audit queries regarding any of her office's current or former officers. Therefore, the Controlling Officer failed to address the issue.

With regards to the Controlling Officer's response pertaining the officer with employment no. 3702141, the Controlling Officer did not provide information regarding when she was transferred nor any instrument authorizing the transfer. The response also failed to justify why the employee was not paid her housing allowance prior to the alleged transfer.

Regarding the employee with employment no. 9993152, the Controlling Officer did not provide any instrument authorizing her transfer from being a housemaid to a messenger and moreover did not act on her promise to pay the E5,000.00 housing allowance arrears and thereafter pay the officer her monthly housing allowances.

Finally, regarding the issue of the officer with employment no.9505973, the Controlling Officer's assertion that there was confusion with the officer's grades, was not substantiated by evidence. Furthermore, the officer, as at the date of writing this report, has not been paid any housing allowance despite that the Controlling Officer had stated that the issue had been resolved and that her office was processing the housing allowance payments.

33. Under Expenditure on Project S33399- Assistance for the Disabled II

Under expenditures are as serious as over expenditures in that if funds are locked up and not utilized it retards the development and economic growth of a 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.

An amount of E2,525,000.00 was approved and released for the implementation of the above-mentioned project. However, actual expenditure amounted to E1,675,983.82 resulting to an under expenditure of (E2,525,000.00- 1,675,983.82) E849,016.18 (33.6%)

Project Name	Approved Estimate	Funds released	Actual expenditure	Variance
S33399 Assistance for the disabled II	2,525,000.00	2,525,000.00	1,675,983.82	849,016.18

The Controlling Officer is expected to explain these savings and further update me on the current status of the project.

The Controlling Officer in her response referenced SW/1/14/1 dated 22nd January 2018, explained that the under expenditure amount was to be utilized in undertaking a study on the profile on Persons with Albinism in the country.

The Department of Statistics embarked on a project which included a variable on profiling of Persons with Albinism in 2017 census data collection hence the office did not request the release of the funds.

HEAD: 08 DEFENCE

Objectives:

To ensure the security of the country.

34. Abandonment of Official Government In-service Training Programme and Recovery of loss to Government-Employee number 3879935.

In my memorandum referenced D14 Vol. V/8, dated 22nd November 2017, I brought to the attention of the Controlling Officer that the officer holding employment number 3879935, abandoned the official in-service training program without authority. The officer was enrolled at the Institute of Development Management (IDM), to pursue a three-year Bachelor of Human Resource Management course from 28 July 2016 to 30 June 2019, on a part-time basis.

An in-service scholarship was granted and a bonding agreement was signed with the officer on 30th August 2016. However, on 14th March 2017 the officer wrote to the Principal Secretary, Ministry of Public Service, requesting authority to defer the scholarship. In his response referenced HRD 1482, dated 27 March 2017, the Principal Secretary rejected the officer's request and informed the officer of cost implications of withdrawing from the training.

Despite that the officer was informed that her request was not successful, she continued to abandon classes and eventually breached the Bond Agreement, which she had signed. As a result of the action of the officer, Government incurred a loss of E23,280.00, which was paid in the financial year 2016/2017, for book allowance of E3,500.00 and tuition of E19,780.00, for no value or benefit to the employer.

The officer did not cancel the bond agreement nor did she officially withdraw from the institution, thereby depriving other deserving officers of the good opportunity. Further, she did not report promptly that she had some difficulties in attending classes but she reported her abandonment of the course seven months after enrolment.

Section 46, Subsection (c) of the Bond Agreement between Government and the officer, signed by both parties on the 30/08/2016, states that if "the employee abandons the training course on any grounds other than ill-health, an amount equal to the full training costs incurred by Government up to the time she abandons the course should be fully reimbursed to Government".

In a response, referenced PF27393, dated 13th December 2017, the Controlling Officer mentioned that the Ministry had already started deducting an amount of E 650.00 per month, over a period of 36 months. It should be noted that the instalment of E650.00 was made in December, 2017 and the balance of E22,630.00 will be repaid in the next 35 months. Whilst appreciating this effort it should be noted that this anomaly does not only have cost implications, but it also includes the forgone benefit from the lost

training and the fruitless expenditure incurred, with no ‘value for money’ realized by Government. Furthermore, the intended purpose was not achieved, which was to capacitate the officer in order to execute her official duties competently and build the capacity of the Ministry. Hence the officer remains untrained while Government funds were misdirected and remain held up for the duration of the recovery period, of 36 months.

Despite, the commitment of recovering the loss through deduction from the officer’s salary, there is also no personal commitment made by the officer that will permit Government to recover the remaining lost funds, from the officer’s employment benefits, in case the officer resigns or exits the public service. Thus Government has been caused to bear needless risks of loss of public funds, should such a scenario arise.

It is the responsibility of the Ministry of National Defense and Security to urgently act upon any deviation from the In-service Training Policy or irregularities by employees, to avoid any loss to Government.

The Ministry did not provide a response, but attached a letter of commitment from the officer. I had raised the point that this issue also has non-financial implications such as the objectives of the in-service training facility not being met.

35. Unauthorized Over Expenditure on Recurrent Vote

Over expenditures beyond the budget provision and beyond amounts that have been appropriated by Parliament are illegal and clearly violate the Appropriation Act as well as Financial and Accounting instruction 0202 (ii).

Notwithstanding the stipulation of the above stated laws, the Controlling Officer spent public funds that were not budgeted for and such expenditure was not authorized by Parliament. The over expenditure was as follows:

Head	Item	Released Budget (E)	Actual/Committed Expenditure (E)	Over Expenditure (E)	Over Expenditure (%)
08	CTA Vehicle Charges	57,517,428	83,821,994.90	26,409,324.02	45.9

The Controlling Officer did not furnish me with any authority that allowed disbursement of public funds beyond the budget provision and the Appropriation Act of 2017.

The Controlling Officer has brought to my attention that from the investigation they have made, it has been found that the fuel bowsers in all the Army barracks are sometimes used to fuel vehicles from other Ministries. From the investigation, it was also found that from the CTA printouts, an Isuzu registered S 135 was fuelled with 600 litres at once while its full capacity is 70 litres.

The response is not satisfactory, since the control for car fueling lies with the management and the Ministry's Transport Officer and there is no evidence that reconciliation was done.

It is the responsibility of the Controlling Officer to ensure that the accounts are reconciled with the Treasury accounts hence this loophole should have been detected during reconciliation with the Treasury accounts and corrected before the over expenditure.

HEAD: 09 TINKHUNDLA ADMINISTRATION AND DEVELOPMENT

Objectives:

To operate and support the office of the Tinkhundla and promote Regional Development and Implement the Decentralization policy.

36. Audit Inspection at Ngwempisi Inkhundla

An audit was conducted at the above stated Inkhundla centre and a report referenced E24.VOL. IX/15 dated 14th August 2017 was issued to the Principal Secretary, Ministry of Tinkhundla Administration and Development. The Controlling Officer in her response referenced TINK 2/3 dated 28th August 2017 concurred with my findings but no corrective measures had been taken at the time of compiling this report.

36.1. Regional Development Fund

36.1.1. Fencing Material for Ngcoseni Chiefdom – Ethafa Grazing Land

I drew the attention of the Controlling Officer with regards to fencing materials amounting to **E170 129.27** which were purchased for the above mentioned association but were delivered with irregularities.

The fencing material was ordered from Lunkanka Investments through order number 519894, dated 26th August 2013, and was delivered on 1st October 2013 at Ethafa Grazing Land and paid through voucher number 070339, and cheque number 007693.

Below is an analysis of the items:

Quantity	Description	Unit price (E)	Amount (E)
53	540 x 25mm Barbed wire	1,643.50	87,105.50
72	2.4m x 700mm creosoted poles	186.10	13,399.20
320	Wire standards	118.20	37 824.00
1	50kg x 1.6mm x 3.170m 8gauge plain galvanized wire	1,514.60	1,514.50
1	50kg x 2.5mm 14gauge plain galvanized wire	1,995.00	1,995.00
200	1kg oval nails	36.99	7,398.00
Sub Total			149,236.20
14% VAT			20,893.07
Total Amount			170,129.27

Subsequent to a physical verification that was conducted on 5th June 2017 to ascertain the project status, I expressed my concerns to the Controlling Officer that some of the

above stated items which were delivered and paid for by Government, were over priced by the supplier. The overpricing of the items was noted when the supplier's tender documents were examined.

The overpriced items were creosoted poles and wire standards. I expressed my concerns that 72 creosoted poles measuring 2.4m in length, each, had been priced at E186.00 each instead of E99.20 each. The supplier invoiced Government at E13,399.20 instead of E7,142.40, hence a loss amounting E6,256.80 resultant from the overpricing of the poles was unduly suffered by Government.

On another note, I also expressed my concerns about 320 "Y" wire standards which were overpriced by the supplier resulting to an overcharge to Government amounting to E9,264.00. Each "Y" wire standard cost Government an amount of E118.20 instead of E89.25 per "Y" wire standard.

The total loss suffered by Government as a result of the overpriced poles and wire standards amounted E15,520.80.

Below is an analysis of the total amount overpaid by government:

Quantity	Description of item	Unit price charged (E)	Total Amount charged (E)	Correct unit Price (E)	Correct Total Amount (E)	Overcharge to Government (E)
72	2.4 m x 700mm creosoted poles	186.10	13,399.20	99.20	7,142.40	6,256.80
320	Wire standard "Y"	118.20	37,824.00	89.25	28,560.00	9,264.00
Total overcharge						15,520.80

I expressed my concerns with regards to the above overpaid amount which displays negligence on the part of the officers responsible for receipt of goods since their key roles are:

- (a) To check the specifications and quantity of delivered goods against the purchase order and
- (b) Upon being satisfied that the delivered goods are in accordance with what was ordered, sign the delivery note.

Such an anomaly would not have occurred if the above stated internal controls were effective.

According to regulation number 0403 of Stores Regulations Part 1 of 1975, the action required before payment of invoices is that officers should ensure that the stores

supplied have actually been received and taken on ledger charge before officers certify invoices for payment. However, due to the Officer's failure to exercise due care and diligence, loss of public funds occurred and the supplier unfairly benefited from the loss. Furthermore, if the ministry's officers had complied with the regulation, this anomaly would have been noted and the correct amount would have been charged to Government.

Therefore, the amount overpaid should be recovered and the officers concerned with the purchase should be held liable for the loss. Recovery of lost public funds is further endorsed by Financial and Accounting Instruction number 0204 (ii) which states that if at any time there is a loss of public moneys by reason of fault of any officer, he should be held liable to be surcharged with the amount, and any sums due to him by government may be withheld in satisfaction of such charge.

In her response, the Controlling Officer in a bid to correct the anomalies that were observed, stated that she had engaged the supplier who confirmed my findings. The supplier had undertaken to reimburse Government the overpaid amount of E15 520.80 with effect from the end of September 2017 to the end of March 2018.

The Controlling Officer also confirmed that there were weaknesses in internal controls, but also stated that the Ministry had taken measures to strengthen the internal controls. She also indicated that her Ministry had introduced a stores receipt book that assists the Ministry to cross check delivery of goods and that all goods deliveries would be done in the presence of key stakeholders, namely; storekeeper, Community Development Officers, relevant technician, Bucopho, beneficiaries and Inkhundla secretary.

A follow up audit to ascertain if the irregularities were indeed being addressed by the Ministry revealed that, the supplier had not made any payments to government, even after having signed an undertaking to repay the overpaid amount starting from September 2017 to March 2018.

I am concerned that no payment has been made to date which is a breach to the agreement made between the Ministry and the supplier. It should be noted that the supplier was not charged any interest in respect of the money owed to government.

Furthermore, such practice of overcharging government has become a norm with the suppliers, and the Controlling Officer should ensure that such suppliers are cautioned, to avoid unnecessary loss of government funds.

The Controlling Officer in her response mentioned that the supplier promised to pay before March 2018.

**36.1.2. Short delivery of fencing material for Lushikishini Chiefdom -
Vimbamfana Grazing Land**

I drew the attention of the Controlling Officer to fencing material amounting E171,370.00 which was ordered from Nobsi Investments, by order number 514561 dated 14th October 2010 and was delivered on the 15th October 2010 through delivery note number TP 150 to Mvimba Mfana grazing land. The material consisted of the following items:

Quantity	Description	Cost per item (E)	Total amount (E)
35	Barbed wire	1,550.00	54,250.00
150	“Y” wire standards	217.00	32,550.00
198	“N” wire standards	320.60	63,360.00
100	Dropper	210.00	21,000.00
1	Galv wire	1,210.00	1,210.00
100	8mm bolts completed	220.00	20,000.00
Total Amount			171,370.00

A physical verification to ascertain if the project was executed revealed that the project was completed. However, I was disturbed to note that even though the project was completed, some items which were paid for, had not been delivered. The items in question were 100 droppers amounting to E21, 000.00.

It is worth mentioning that both the invoice and delivery note were signed attesting that all the items were received yet that was not the case. As a result, Government was charged an amount of E21, 000.00 for items that were never delivered. Stores regulation 1203 (2) states that it is essential to carefully check goods received against delivery notes, and if goods are found to be damaged or missing, a certificate of damage or loss should be obtained from the couriers concerned, and a qualified receipt should be given to them, by means of an appropriate endorsement of the delivery notes.

Further, Stores Regulation number 0401 (ii), warns that when stores are received they should be unpacked and properly checked against delivery notes as to quantity and condition and should immediately be recorded in the stores ledger showing the purchase price. I am concerned that the items were ordered yet they were not needed for the project, taking into consideration that the project was completed without the use of the items.

I also pointed out that the absence of technical experts, to advise the association and also to specify the type of materials needed for the project, was a risk, as government ended up paying for unnecessary items.

In her response, the Controlling Officer, confirmed my findings. She informed me that the supplier had acknowledged the short delivery of the fencing material and had undertaken to repay Government the amount of E21, 000.00.

When a follow up audit was conducted to ascertain if any payments had been made, I noted that the supplier had made one payment of E5, 000.00 to Government, on 21st August 2017. However, the supplier had agreed after the first payment to settle the remaining balance of E16, 000.00 in installments of E3, 000.00 until the debt was fully settled.

I am concerned by the Controlling Officer's failure to ensure that the supplier repays government the amount owed within the agreed timeframe. Such laxity on the part of the Ministry raises doubts that government will receive the amount owed in time.

I am also concerned about the Ministry's failure to monitor funded projects. Such challenges would have been addressed early, if there was a continuous follow up of the project by the Ministry. The Ministry's tendency of having to wait for my findings first before challenges are rectified, demonstrates a carefree attitude on the part of the Ministry in ensuring that projects are executed and completed in time for the benefit of communities.

In her response the Controlling Officer mentioned that the supplier had made a second payment of E3 000.00 and committed to pay the remaining balance of E13 000.00 before 31st March 2018.

37. Audit Inspection at Mangcongco Inkhundla

An audit was conducted at Mangcongco Inkhundla and a report referenced E28/VOL.IV/16 dated 30th August 2017 was issued to the Principal Secretary, Ministry of Tinkhundla Administration and Development. The Controlling Officer in her response referenced TINK/2/3 dated 13th September 2017 concurred with my findings.

37.1. Abandoned Water Project – Dwalile

I drew the attention of the Controlling Officer about the above mentioned water project which was funded under the Regional Development Fund but was abandoned before completion. The water project material was ordered from LSM Distributors, through various government orders numbered; 511298, 511299, 511300 and 511807 dated 20th November 2009. The material was delivered at the above Inkhundla centre through various delivery notes numbered; 465, 466, 468, and 469, dated 8th March 2010. The supplier also issued various invoices numbered 4471, 4472, 4473, 4490 and 4491 with a total amount of E 799 443.64. However, the disbursed public funds were wasted on a project that eventually became a 'white elephant', as the community still did not have clean water at the time of compilation of my audit report.

Below is an analysis of the material which was paid for as per the various invoices quoted.

Invoice No. 4471

Quantity	Description of goods	Unit price (E)	Total price (E)
8	100mm screwed brass screen	330.00	2 640.00
20	5kg Bailing wire	970.25	19 405.00
10	5L Bituseal	450.00	4 500.00
4	100mm Brass gate Valve	2 300.00	9 200.00
2	5L White emulsion Paint	450.00	900.00
16	5L Brixseal	250.00	4 000.00
2	Cast iron main hole cover 450x600	2 644.20	5 288.40
1020	50kgG cement	87.00	88 740.00
1400	Cement blocks 450x225x240	24.38	34 132.00
2	Concrete lid 900x150	1 580.00	3 160.00
10kg	Concrete nails	148.10 /kg	1 481.00
1	Concrete ring 900x500	1 400.00	1 400.00
1386	Expansion bolts	79.00	109 494.00
2	50 mm Equilibrium ball valve	11 800.00	23 600.00
2sqm	Flat iron 3mm	499.00	998.00
Total			308,938.40

Invoice No. 4472

Quantity	Description of goods	Unit price (E)	Total price (E)
	Balance c/f		308 938.40
1 package	Fleximent	190.00	190.00
2	5l trench blue enamel pan	450.00	900.00
2	50mm GS elbow	52.50	105.00
6	65 mm GS elbow	130.07	780.42
8	100mm M& F bend	673.14	5 385.12
8	100mm GS nipple	163.61	1 308.88
2	50mm GS nipple	35.13	70.26
2	65mm GS nipple	73.54	147.08
8	20mm GS pipe x 6m	97.31/m	4 670.88
2	100mm GS pipe L= 1000	329.55/m	659.10
2	40mm GS pipe L=200	143.74	287.48
2	65mm GS pipe L= 2700	175.48/m	947.60
2	50mm GS pipe L= 2900	225.62/m	1 308.60
4	65mm GS pipe L=4000	175.48/m	2 807.68

Invoice No.4473

Quantity	Description of goods	Unit price (E)	Total price (E)
	Balance c/f		328 506.50
18	100mm GS pipe L = 500	329.55/m	5 931.90
4	65mm GS pipe L=500	175.48/m	701.92
4	50mm GS pipe L=600	225.62/m	902.48
4	25mm GS pipe L=6000	97.31/m	2 335.44
4	32mm GS pipe L =6000	143.74/m	3 449.76
2	50mm screwed flange	544.05	1 088.10
8	100mm GS tee	312.00	2 496.00
4	100mm GS union	791.51	3 166.04
2	HDPE steel adaptor female 50x50mm	126.95	253.90
24 sheets	Mesonite sheets 2440x1220x6m	388.03	9 312.72
15	Liner	1 250.00	18 750.00
100	PTFE thread seal tape	10.00	1 000.00
6	25L ice blue paint	1 400.00	8 400.00
6	25L PVA white paint	1 400.00	8 400.00

Invoice No. 4490

Quantity	Description of goods	Unit price (E)	Total price (E)
	Balance c/f		394 694.76
2	5L Red Oxide steel primer	450.00	900.00
2	Reinforce steel package 120m 3	42 000.00	84 000.00
2	5L Signal red emulsion paint	450.00	900.00
2	Single gate 1.8m x4x1m	889.75	1 779.50
380	100mm pipe connector	208.65	79 287.00
64	Treated poles 2.4m 100-125m	250.51	16 032.64
40 sheets	Treated shutter board 2440x1220	1 355.25	54 210.00
12	Treated timber 38x150x6m	62.55/m	4 503.60
12	Treated timber 75x50x6m	79.42/m	5 718.24
10kg	U-nails 40mm	66.55/kg	665.50
4	UPVC 90 degrees bend 110mm	127.92	511.68
8	110mm upvc pipe class 9x6m	133.12/m	6 389.76
2	UPVC steel adaptor Lm 6 110x150	583.05	1 166.10
8	Veldspan 1.8m	2 520.00/sm	20 160.00

Invoice No. 4491

Quantity	Description of goods	Unit price (E)	Total price (E)
	Balance c/f		670 918.78
2	Viro padlocks 40mm	254.05	508.10

Quantity	Description of goods	Unit price (E)	Total price (E)
1	Water meter	11 300.00	11 388.00
50kg	Wire nails 100mm	66.55/kg	3 327.50
50kg	Wire nails 150mm	66.55 /kg	3 327.50
4	5 kg wire 8 gauge	970.25	3 881.00
5	50mm HDPE pipe class 12	54.99/m	27 495.00
5	50mm couplings	310.00	1 550.00
1	Complete centrifugal pump 400v	74 980.76	74 980.76
4	Upvc steel adaptor Lmc 110x100m	516.75	2 067.00
Total Amount			799,443.64

The Controlling Officer in her response stated that according to a member of the association and a former and current member of Inkhundla, the project was abandoned due to lack of water source and design. However, procurement went ahead with the help of Rural Water Technicians.

She also stated that the Inkhundla had engaged Rural Water to get a corrective action in this matter.

The Controlling Officer further pointed out that the Ministry had given the association a 2 weeks' period to utilize the material failing which it will be allocated to another deserving association.

37.2. Idle Project Material

I also expressed my concern that a physical inspection that was conducted at the Inkhundla Centre revealed that most of the water project material amounting to E221,033.77 which had been delivered seven years earlier, was unused but lying idle at an Umbutfo Swaziland Defence Force (USDF) camp situated at Mangcongco Area. This indicates that Bills of Quantities were not used at every stage of the water project to give appropriate quantities and to correctly define the extent of work based on drawings and specifications for the materials required for the project. The Bills of Quantities should have been prepared by an expert such as a Water Engineer.

Upon enquiring about the challenges of the project from the association members, it transpired that government technical experts were not involved when the project was initiated, but a local plumber was engaged to facilitate the execution of the project to completion stage. However, this was not the case since the local plumber was alleged to have disappeared during the first stage, after the construction of two large concrete water tanks, hence the rest of the material remained unused.

The following table provides an analysis of the material which was unused.

Quantity	Description	Unit price (E)	Total (E)
9	100mm GS pipe L = 500	329.55	2 969.10

Quantity	Description	Unit price (E)	Total (E)
4	50mm GS pipe L =600	225.62	902.48
4	25mm GS pipe L=6000	97.31/m	2 335.44
4	32mm GS pipe L =6000	143.74/m	3 449.76
2	50mm screwed flange	544.05	1 088.10
7	100mm GS Tee	312.00	2 184.00
2	Reinforce steel package120m2	42 000.00	84 000.00
2	5L Signal red emulsion paint	450.00	900.00
4	UPVC 90 degrees bend 110mm	127.92	511.68
5	110mm upvc pipe class 9x6m	133.12/m	3 993.60
2	UPVC Steel adapter LM6 110x150	583.05	1 166.10
3	5kg wire 8 gauge	970.25	2 910.75
5	50mm NDPE pipe class 12	54.95/m	27 495.00
1	Complete centrifugal pump+motor 400v	74 980.76	74 980.76
4	UPVC steel adaptor LM6 110x100m	516.75	2 067.00
4	Veldspan 1.8m	2 520.00/sm	10 080.00
Total Amount			221 033.77

The Controlling Officer stated that according to Inkhundla Council, a Technician from Rural Water was involved from the initial stages of the project.

The Controlling Officer in her response promised to re-allocate all unused material to other deserving Tinkhundla.

She further stated that fencing material will be re-allocated to Madlangempisi Inkhundla.

37.3. Missing Water Project Materials

On another note, I further requested the assistance of technicians from the Ministry of Natural Resources in a bid to quantify the used and unused material as per the delivery notes. I was disturbed to discover, with the assistance of the technical experts, that some of the materials amounting to E432, 033.14 was missing.

It is worth mentioning that according to the delivery notes, the material was acknowledged to have been delivered. Therefore, the unaccounted for material could have been stolen after delivery.

Below is an analysis of the missing material;

Quantity	Description of goods	Unit price (E)	Total price (E)
8	100mm screwed brass screen	330.00	2 640.00

Quantity	Description of goods	Unit price (E)	Total price (E)
20	5kg Bailing wire	970.25	19 405.00
10	5L Bituseal	450.00	4 500.00
4	100mm Brass gate Valve	2 300.00	9 200.00
2	5L White emulsion Paint	450.00	900.00
16	5L Brixseal	250.00	4 000.00
2	Cast iron mainhole cover 450x600	2 644.20	5 288.40
82	Cement blocks 450x225x240	24.38	1 999.16
10kg	Concrete nails	148.10 /kg	1 481.00
1	Concrete ring 900x500	1 400.00	1 400.00
1386	Expansion bolts	79.00	109 494.00
2	50 mm Equilibrium ball valve	11 800.00	23 600.00
2sqm	Flat iron 3mm	499.00	998.00
1 package	Fleximent	190.00	190.00
2	5l trench blue enamel pan	450.00	900.00
4	65 mm G S elbow	130.07	520.28
3	100mm M& F bend	673.14	2 019.42
6	100mm GS nipple	163.61	981.66
2	50mm GS nipple	35.13	70.26
2	65mm GS nipple	73.54	147.08
2	100mm GS pipe L=1000	329.55/m	659.10
2	40mm GS pipe L=200	143.74	287.48
9	100mm GS pipe L=500	329.55/m	2 965.95
4	65mm GS pipe L=500	175.48/m	701.92
4	25mm GS pipe L=6000	97.31/m	2 335.44
7	100mm GS tee	312.00	312.00
4	100mm GS union	791.51	3 166.04
2	HDPE steel adaptor female 50x50mm	126.95	253.90
24 sheets	Mesonite sheets 2440x1220x6m	388.03	9 312.72
15	Liner	1 250.00	18 750.00
100	PTFE thread seal tape	10.00	1 000.00
6	25L ice blue paint	1 400.00	8 400.00
6	PVA white paint	1 400.00	8 400.00
2	5L Red Oxide steel primer	450.00	900.00

Quantity	Description of goods	Unit price (E)	Total price (E)
1	Single gate 1.8m x4x1m	889.75	889.75
380	100mm pipe connector	208.65	79 287.00
34	Treated poles 2.4m 100-125m	250.51	8 517.34
40 sheets	Treated shutter board 2440x1220	1 355.25	54 210.00
12	Treated timber 38x150x6m	62.55/m	4 503.60
12	Treated timber 75x50x6m	79.42/m	5 718.24
10kg	U-nails 40mm	66.55/kg	665.50
3	110mm upvc pipe class 9x6m	133.12/m	3 993.60
1	Viro padlocks 40mm	254.05	254.05
50kg	Wire nails 100mm	66.55/kg	3 327.50
50kg	Wire nails 150mm	66.55 /kg	3 327.50
1	5 kg wire 8 gauge	970.25	970.25
5	50mm couplings	310.00	1 550.00
7	Veld span 1.8m	2 520.00/sm	17 640.00
Total Amount			432,033.14

The Controlling Officer in her response, confirmed my findings. However, she informed me that in an effort to address my concerns, the Ministry moved the unused material from the USDF camp to the Inkhundla centre for safe keeping. She also informed me that on the issue of the missing material, the Ministry would continue with its investigations.

Pursuant to the Controlling Officer's response, a follow up audit was conducted on 18th December 2017, and I confirmed that indeed the unused material had been removed from the USDF camp and kept at the Inkhundla premises. However, I am still worried about the indefinite keeping of the unused material at the Inkhundla, since the Controlling Officer did not inform me about the ultimate solution with regard to the material.

It is also worth pointing out that even though the Ministry eventually moved the unused material to the Inkhundla Centre, the key matter has not been addressed. It should be noted that scarce public funds were wasted for a project which was later on abandoned and the community still does not have access to clean water.

I am concerned about the weak controls which exist within the Ministry whereby, funds were released without ensuring that technical experts were involved when the material was quantified and requested. The Ministry also displayed a care-free attitude by not designing a follow-up mechanism of the project to ensure that the project was executed

and completed properly. Such a practice demonstrates sheer negligence on the part of the Ministry for not being vigilant in taking care of scarce public funds.

At the time of compiling this report my concerns were not fully addressed.

The Controlling Officer in her response revealed that the missing material was reported to the Swaziland Royal Police and is still being investigated.

38. Unauthorized Over Expenditure on Recurrent Vote

Over expenditures beyond the budget provision and beyond amounts that have been appropriated by Parliament are illegal and clearly violate the Appropriation Act as well as Financial and Accounting instruction 0202 (ii).

Notwithstanding the stipulation of the above stated laws, the Controlling Officer spent public funds that were not budgeted for and such expenditure was not authorized by Parliament. The over expenditure was as follows:

Head	Item	Released Budget (E)	Actual/Committed Expenditure (E)	Over Expenditure (E)	Over Expenditure (%)
09	CTA Vehicle Charges	4,225,707	7,854,539.86	3,628,832.86	85.88
09	Grants and Subsidies – Internal	93,308,875	136,656,027.33	43,347,152.33	46.5

The Controlling Officer did not furnish me with any authority that allowed disbursement of public funds beyond the budget provision and the Appropriation Act of 2017

39. Audit of Empowerment Fund Statement - Appendix 32

An audit was carried out on the Empowerment Fund Statement – Appendix 32 and I communicated my findings through a memorandum, referenced A2/2016/2017/70, dated 22nd December, 2017 to the Ministry of Tinkhundla and Regional Development.

39.1. No Rules and Regulations governing the administration of the Empowerment Fund:

I highlighted to the Controlling Officer that there were no approved Rules and Regulations governing the administration of the Empowerment Fund. In the financial

year ended 31st March 2017, government allocated an amount of E5, 308,875.00 to the Empowerment fund. My concern was that an amount of E3, 676,892.31 was utilized on the Empowerment fund during the year 2016/2017, without following documented controls in the form of rules and regulations.

However, an informal document titled “The Tinkhundla Empowerment (Subvention) Fund Regulations, 2016” availed to me during the audit was not signed and approved by the Minister for Finance. Therefore, the document was not valid.

Lack of this important instrument, which has to be a guide in the utilization of the fund, makes it a challenge especially in the audit process of the Fund, as there is no standard or benchmark to measure the operations of the fund. Furthermore, due to the non-availability of Rules and Regulations governing the fund, there is a risk that the fund may be utilized for purposes not intended.

The Controlling Officer explained that they had governing regulations which were not detailed however a comprehensive draft of the regulations have been developed and submitted to the Ministry of Finance for approval. She further mentioned that a follow-up memorandum was made to the Ministry of Finance on the status of the regulations.

39.2. Payment Vouchers not fully supported:

I reported to the Controlling Officer that signed minutes and requisition forms were not attached to payment vouchers as additional evidence to signed purchase orders, delivery notes and invoices. As a result, payment vouchers were not supported with full particulars of the transactions. The signed minutes and purchase requisition forms are required to authenticate the need for the stores at Inkhundla level and to minimize the risk of fraudulent procurement practices.

Procedurally, the minutes should be signed by the Indvuna yeNkhundla as well as the Inkhundla Secretary. A Requisition Form is then completed and should be signed by the Indvuna, Bucopho and the Secretary of the Inkhudla and approved by the Regional Secretary, before submitting it to the Ministry of Tinkhundla Administration and Development, to ascertain availability of funds before processing a Purchase Order.

My concern is that purchase orders, delivery notes and invoices are not sufficient proof that the items ordered were required at the Inkhundla level, mainly because these documents are signed at headquarters level by officers who are not privy to the situation at the Inkhundla Centre unless they are informed through Requisition Forms.

According to Section 0803 of the Financial and Accounting Instructions of 1970, “all vouchers must contain full particulars in respect of the payment made to enable the

voucher to be checked and paid without reference to any other document. Supporting documents must be secured to the voucher”

A sample of the audited Payment Vouchers which were not fully supported amounted to E572, 045.00 and are listed below:

P.V. Number	Inkhundla	Items	Name of supplier	Amount (E)
120045	Ntfontjeni	Office furniture	Target furnishers	53, 080.00
120048	Ndzingeni	Office furniture	BV Suppliers	62, 175.00
080017	Siphofaneni	Office furniture	Zaza Investments	63, 689.00
120011	Nkilongo	Office furniture	Trevtech Office & school furniture	68, 856.00
120062	Lamgabhi	Office furniture	BV Suppliers	64,650.00
120008	Sithobelweni	Office furniture	Electro dynamic projects	73, 614.00
120040	Ntondozi, Manzini South	Vertical Blinds	Electro dynamic projects	58, 549.00
100010	Lamgabhi	Office furniture	Trevtech	31,336.00
090408	Ngempisi, Mafutseni & Mhlambanyatsi	Office furniture and blinds	Electro Dynamic projects	96, 096.00
Total				572, 045.00

This led to a limitation in the audit scope since there was no proof that the procurement process was indeed followed by the respective Tinkhundla centres. This posed a risk of purchasing items which were not needed by the Inkhundla.

The Controlling Officer in her response concurred with my finding and explained that the Ministry was advised by Treasury to remove the supporting documents from the payment vouchers. She further explained that the supporting documents were available and filed at regional level.

39.3. Delivery of Supplies Before Processing of Purchase Order

I also communicated to the Controlling Officer that supplies worth E69,799.00 were delivered before the processing of Purchase Orders. According to the procurement process, a Purchase Order has to be issued before the delivery of materials/goods and invoicing. However, in the following cases it was noted that deliveries were made prior to the processing of Purchasing Orders.

- a) Payment Voucher 090009, Purchase Order numbers 523761 dated 3rd October 2016, Delivery Note Number 4723 dated 2nd June 2016 and Invoice number 4780 dated 2nd June 2016 for the supply of fencing material worth E33, 604.66 at Mayiwane Inkhundla. It is worth noting that the Invoice was also raised before the issue of the Purchase Order. The supplier was McAll Investments.

- b) Payment Voucher number 120008, Purchase Order Number SG 520648 dated 15 February 2016, Delivery Note Number 48 dated 01 February 2016 and Invoice number 422 dated 01 February 2016 for the supply of furniture worth E73, 614.00 to Sithobela Inkhundla. The supplier was Electro Dynamic Projects (Pty) Ltd.

The above information is summarized in the following table: -

Payment Voucher No	Purchase Order No, invoice No. and date	Supplies	Inkhundla	Amount (E)
090009	Purchase Order No. SG 523761 Invoice No. 4780 Date: 2 June 2016	Office Furniture	Mayiwane	33,604.66
120008	P.O. SG 520648 Inv. 422 Date: 15 Feb 2016	Office Furniture	Sithobela	73, 614.00
Total				107,218.66

I am concerned about the lack of internal controls which might lead to government paying for goods which were not requested and end up not being beneficial to the Tinkhundla Centres.

The Controlling Officer in her response concurred with my observation and promised that it will not happen again.

39.4. Furniture delivered not in accordance with specifications on Purchase Orders:

I also reported to the Controlling Officer that my audit revealed that some Tinkhundla Centres ordered furniture which, however, when delivered, did not match the specifications on Purchase Orders and Invoices. The following are Tinkhundla centres which received furniture that did not match the furniture on Purchase Orders.

39.4.1. Siphofaneni Inkhundla

According to Purchase Order number SG523704, dated 3rd August 2016, a 15 – 20 seater boardroom table of 80mm thickness worth E31, 559.00 and other office furniture worth E63, 689.00 in total were ordered for Siphofaneni Inkhundla in the Lubombo region. The furniture was delivered on the 11th of October 2016, Delivery Note number 2634, Invoice number 2687. The supplier was Zaza Investments (Pty) Ltd.

A physical inspection of the furniture conducted on the 20th of December 2017 revealed that instead of the boardroom table, the supplier delivered two small tables which are 6 seaters each. The value of the tables could not be ascertained.

39.4.2. Nkilongo Inkhundla

On the 15th of February 2016, a Purchase Order was issued for the supply of 2 senior executive desks worth E21, 540.00 and other office furniture all amounting to E68, 856.00 for Nkilongo Inkhundla in the Lubombo region. The furniture was delivered through Delivery Note number 004 dated 2nd February 2016 and invoice number 015 dated 1 March 2016. The supplier was Trevtech Investments (Pty) Ltd.

When physically inspecting the furniture on the 20th of December 2017, it was noted that instead of the 2 senior executive desks with 8 lockable drawers, the supplier delivered 2 desks with 3 drawers which are not lockable.

39.4.3. Lamgabhi Inkhundla

Office furniture worth E64, 650.00 was delivered at Lamgabhi Inkhundla in the Manzini region, through delivery note number 753 dated 4th April 2016, Purchase Order number SG 523552 and Invoice number 249 dated 4th April 2016.

Of the office worth E64,650, furniture consisting of 2 senior executive desks with 8 lockable drawers, worth E16, 700.00 and other office furniture, were not delivered by BV suppliers & Office Furniture (Pty) Ltd in accordance with specifications. A physical inspection of the furniture conducted on the 21st of December 2017 revealed that 2 desks with 3 drawers were delivered instead of the 2 x senior executive desks with 8 lockable drawers.

The above information is summarized in the following table:

Name of Inkhundla	Payment Voucher #	Furniture ordered	Furniture delivered	Name of supplier	Value of furniture E
Siphofaneni Inkhundla	080017	1 x 15 – 20 seater boardroom table	2 x 6 seater tables	Zaza Investments (Pty) Ltd	31,559.00
Nkilongo Inkhundla	120011	2 senior executive desks with 8 lockable drawers each	2 desks with 3 drawers each	Trevtech Investment (Pty) Ltd	21,540.00
Lamgabhi inkhundla	120062	2 senior executive desks with 8	2 desks with 3 drawers each	BV Suppliers & Office Furniture (Pty) Ltd	16,700.00

Name of Inkhundla	Payment Voucher #	Furniture ordered	Furniture delivered	Name of supplier	Value of furniture E
		lockable drawers each			
Total					69,799.00

I am particularly concerned that signing delivery notes as though the items received were delivered according to specifications, as per the Purchase Orders, may promote fraudulent procurement practices. As a result, Government lost scarce public funds as a result of delivery of furniture that was different from what was ordered.

At the time of compiling the report, there were no corrective actions taken by the Controlling Officer to rectify the anomalies and to take action against the officers who are responsible for the loss.

The Controlling Officer concurred with my findings and advised that the Ministry had engaged with the suppliers and they promised to deliver the correct specified furniture.

The Controlling Officer further advised that her Ministry had instituted disciplinary action against the Storekeeper.

HEAD: 10 NATURAL RESOURCES AND ENERGY

Objectives:

Power and Water - To provide and maintain facilities for ensuring availability of adequate power and water and ensure optimal land use.

40. Audit Inspection– Project X50199, Rural Water Supply XIII

An audit inspection on Project X50199, Rural Water Supply XIII, implemented by the Department of Water Affairs (DWA), Rural Water Supply Branch (RWSB) for the financial years 2013 to 2015, was conducted. The project was for borehole installation, provision of portable and safe water and sanitation to rural communities. A management memorandum, referenced N19CP/26, dated 23rd March 2016, detailing the audit findings, was issued to the Controlling Officer, Ministry of Natural Resources and Energy.

40.1. Lack of Budget Accountability

In my memorandum, I raised my concern to the Controlling Officer that I was unable to verify and quantify project costs for each of the various project units implemented under Project X50199 for the years under review.

Under the project the Ministry purchased various materials such as pipes, couplings, flange elbows, bracket saddles, concrete rings, air release valves, rubber insertions and other incidentals of a water project. However, the Ministry did not maintain a record of how these items were kept in stores and issued to the various areas that were earmarked to benefit from the project.

Consequently, a total amount of E90, 114,047.11 was incurred on the materials, in the fiscal years 2011/2012 to 2014/2015, but the expenditure was not supported with bills of quantities for each project unit. Bills of Quantities are used in every phase (pre-contract & post-contract) of the project giving quantities for each project unit to be implemented and estimated costs; defining the extent of work based on drawings and specifications made by a water engineer; and providing a basis for valuation of variations in unit project costs.

Further, materials received from suppliers and issued to project sites were not recorded in stores ledger records and tally cards. According to Stores Regulations Part 1 of 1975 paragraphs 0604 and 0605, a ledger should be maintained to show the quantities, the unit of issue, the issue prices and the total value of balances of each item in stock. It further requires Tally Cards to be maintained for each item of stores held in stock. Failure to maintain the appropriate records makes it difficult to ascertain the stocks

received, issued and balances remaining over a period of time, and losses become become hard to easily notice and trace.

The table below indicates funds estimated, released and used without supporting evidence on how they were used to implement each unit of project X50199.

Financial Year	Budget Estimate (BD160) E	Funds Released (BD160) E	Actual Expenditure (AA220) E
2012	19,000,000.00	16,906,889.00	17,183,265.70
2013	24,000,000.00	23,997,811.00	23,849,338.11
2014	20,000,000.00	19,960,040.00	19,552,574.16
2015	30,000,000.00	29,830,257.00	29,528,869.14
Total	93,000,000.00	90,694,997.00	90,114,047.11

In a response referenced DWA 42, dated 14 April 2016, the Controlling Officer stated that the materials were to be used to implement the project at Siphocosini, Elangeni, Sithobelweni, Hlane, Mahlanya, Zombodze Emuva, Kamfishane, Mpolonjeni (Lubombo), Ncabaneni, Ngculwini, Maseyisini, Luhlangotsini, Lomahasha, Kubuta, Lobamba Lomdzala, Mafutseni and Sigwe.

In the same response the Controlling Officer explained that in the year 2011/2012, a lump sum of E 7,588,691.00 was used to implement unit projects in Embo and Elangeni, in the Hhhohho region; Manjolo, Nkonjwa, Hlane and Mkhutshane in the Lubombo Region; Sheleti, Nyakeni, and Dondon in the Manzini Region, and Zombodze Emuva, KaMfishane and Fosini in the Shiselweni Region. Further an amount of E5,850,000.00 was purported to have been used to drill 130 groundwater boreholes at E45, 000 per borehole whereas an amount of E 3, 750, 000 was used to construct 50 hand-pumps at E75, 000 per hand-pump.

A follow-up was made by my office, and a follow-up memorandum referenced N19CP/41 and dated 08 December 2016 was issued to the Controlling Officer. In the memorandum, I requested the Controlling to state the cost of each project as per her response.

However, in her response to my follow-up memorandum, dated 16 December 2016 and referenced DWA 42/12/2016, the Controlling Officer submitted a contradictory response on the costs of the project, in the same year 2011/2012 as shown below:

Project Costs for the year 2011/2012 as per Controlling Officer

Region	Location	Project Name	Status	Budget (E)	AG's Calculation (E)
Hhohho	Siphocosini	Embo	New	1,334,653.16	1,334,653.16

Region	Location	Project Name	Status	Budget (E)	AG's Calculation (E)
	Elangeni	Elangeni	On-going	1,138,975.00	1,138,975.00
Lubombo	Sithobelweni	Nkonjwa	On-going	914,995.74	914,995.74
	Hlane	Hlane	New	2,620,399.00	2,620,399.00
Manzini	Mahlanya	Don Don	New	2,092,911.96	2,092,911.96
Shiselweni	Zombodze Emuva	Zombodze Emuva	On-going	375,000.00	375,000.00
	KaMfishane	KaMfishane	On-going	239,084.00	239,084.00
	Drilling accessories			5,640,429.00	5,640,429.00
	Constructed 50 hand pumps at E 69,758.22 per hand pump			3,487,911.00	3,487,911.00
	CTA charges for fuel used in the construction of the projects including of drilling			3,000,000.00	3,000,000.00
Total Budget Used				17,183,265.70	20,844,358.86

The actual expenditure for this project for the year 2011/2012, as confirmed by the government accounting system, was E17,183,265.70. However, according to the Controlling Officer's response her expenditure was E 20,844,358.86, resulting to an unexplained variance of E 3,661,093.16 (E20,844,358.86 less E17,183,265.70).

The Controlling Officer in her efforts to convince me that the actual expenditure was used for implementing the various project units, inflated the costs of each unit thus the total amount used as per her calculation was E 20,844,358.86, instead of E17,183,265.70 stated in her response.

40.2. Organizational Structure and remuneration

40.2.1. Inequitable Remuneration of Supervisors

In the same memorandum referenced above, I raised concerns about regional officers in the Rural Water Supply Branch, under the social section, who were remunerated more than their supervisors and head of the regional offices, the Clerk of Works. The Clerk of Works is remunerated at C5 whilst the social section employees are remunerated at E2. The table below illustrates the variance between the two posts;

Post	Duty	Annual Remuneration
Clerk of Works	Supervisor	E167,543.00
Water Analyst	Subordinate	E267,433.00
Variance		E99,890.00

This situation may reduce employee morale and be a cause for disputes between the regional heads and the social section employees. Furthermore, it is unreasonable to expect the regional heads to effectively supervise employees who, in terms of

remuneration, are superior to them. At the time of compiling this report there were no corrective actions taken or planned that were made available to me.

In the absence of an appropriate structure, government operations at regional level may suffer hence the need to address this anomaly.

The Controlling Officer did not address my concern in her response.

40.3. Project Monitoring and Control

I also raised concerns over the large number of water project units, under the same Project X50199 that were either poorly constructed or not functioning at full capacity. Furthermore, I discovered that Rural Water Supply Branch does not have effective project oversight mechanisms in place that enable the branch to determine whether the constructed projects meet high standards. Rural water supply projects are executed without supervision from the branch.

This is against section 2.13.1 of the Design Manual for Rural Water Supply Systems, which states that the Rural Water Supply Branch is to ensure that construction of all rural water supply systems conforms to the established standards of Rural Water Supply Systems. The project and monitoring control function of all rural water supply systems is the responsibility of the Rural Water Supply Branch but I am concerned that there was no evidence of monitoring and control of the following projects;

40.3.1. Hhohho Natsani Water Project

The project commenced in 2011 and was completed in 2012. During my inspection, it was found to be functional however, some problems as indicated below were discovered;

40.3.1.1. Slow Sand Filters

The filtration media used for the slow sand filters was of poor quality and did not perform the purification process and water was not being filtered out as required hence the communities were not able to access clean water. This has resulted in the communities bypassing the slow sand filters and re-routing the water straight from the source to the distribution tanks, which are not treated to prevent pathogenic bacteria. Consequently, the communities were consuming unclean and unpurified water from the distribution tanks, which is a health hazard.

According to Section 7.6.1, slow sand filtration is a technology used to treat water for small communities and is the preferred method of treatment for rural water supply schemes in Swaziland, as it is efficient in reducing pathogens in water, thereby reducing the disinfection requirements.

40.3.1.2. Pipeline Markers

Pipeline markers were not installed at the standard spacing of 200 meters per pipeline marker, instead they were spaced at intervals of more than 200m. Hence, less than the required number of pipeline markers were installed for the entire project resulting in the underground water pipeline system being not easily and clearly identified from above ground. This has put the pipeline system at risk of destruction due to possible earthworks that might be carried out in the area.

This is against the standard procedure stated in Section 8.23 of the Design Manual for Rural Water Systems, which stipulates that for every 200m, a pipeline marker should be installed.

40.3.1.3. Water Source / Intake

According to section 6.2 of the Design Manual for Rural Water Systems, streams, as one of water sources for rural water supply projects, can be dammed by building a catchment wall. The preferred location of a catchment wall is in places, where it is unlikely to get washed away by flood, and a catchment wall should also not be installed near the bend of a river.

However, the standard for construction of catchment walls was disregarded for this project. The catchment wall was constructed near a bend and as a result the water intake catchment was found full of debris, and blocked. The gabions had collapsed and were also full of debris. Thus there was no water available for the community despite all the efforts and funds that were invested by Government in order to provide water to the community.

40.3.1.4. Up-hill distribution pipeline after Break Pressure Tank

Due to the hilly nature of the Swaziland countryside, the water source of this project is situated in a high lying area, remote from the communities, resulting in excessive pressure in the pipelines. Break pressure tanks are therefore used to reduce the water pressure.

A physical verification of the Project revealed that an up-hill distribution pipeline which was assembled after a break pressure tank, was unable to supply portable water to the communities that are situated beyond the break pressure tank. The reason for the failure of the pipeline to supply water was that the water pressure was insufficient to enable the water to flow up hill.

The design was in violation of Section 8.22.1 of the Design Manual for Rural Water Systems states that sufficient pressure must remain to continue with the transmission of water to the community.

I conducted follow-up audits on two occasions and none of the issues raised had been addressed.

In her response referenced DWA 42/12/2016 dated 16th December 2016, the Controlling Officer did not address my concerns.

40.3.2. Vitsi- (Sigwe) Water Project

40.3.2.1. Unfixed Gabions

A physical verification was conducted at Vitsi Water Project, and it was discovered that gabions had collapsed at the water source. The catchment wall had leakages and cracks which resulted in water being unable to go through the inflow, into the supply pipe. After a follow-up audit inspection, it was discovered that the leakage and cracks in the catchment wall were fixed. However, the gabions remained unfixed.

I raised my concern that the project was said to have commenced in April 2013 and completed in 2014 but had to undergo repairs shortly after completion and it is doubtful that it will be sustainable.

40.3.2.2. Slow Sand Filters

Further investigation revealed that the community by-passed the slow sand filters and re-routed the water straight from the source to the distribution tanks because the sand filters blocked the water from passing through.. Therefore, the community was consuming un-purified water, which is a health hazard, notwithstanding the funds that had been spent towards providing portable water.

Section 7.6.1 of the Design Manual for Rural Water Supply Systems states that slow sand filtration is a technology used to treat water for small communities and is the preferred method of treatment for rural water supply schemes in Swaziland, as it is efficient in reducing pathogens in water, thereby reducing the disinfection requirements.

40.3.3. Nyakeni Water Project

40.3.3.1. Leakages in Break Pressure Tanks

Nyakeni Water Project commenced in 2005 and was completed in 2011. It was executed by Rural Water Supply Branch. During the inspection, the project was found functional but three Break Pressure Tanks had leakages as a result of poor workmanship.

At the time of compiling this report, the break pressure tanks had still not been fixed.

40.3.4. Mahlandle Water Project

40.3.4.1. Concrete Tanks, Roughing Filters and Slow Sand Filters.

This project commenced in August 2015 and was completed in October 2015. During the audit inspection and during a follow-up audit on 22nd December, 2017 it was discovered that the concrete tanks had leakages and that the roughing filters and slow sand filters were dysfunctional. Moreover, the site for the concrete tanks and filters was not fenced.

This was despite that the project had existed for about two years. According to section 2.3 of the Design Manual for Rural Water Supply systems, the expected useful life of a concrete tank is fifty (50) years. This therefore implies that construction of the project did not meet the required quality standards.

During the follow-up audit inspection, it was discovered that a fence had been erected around the roughing and slow sand filters. However, they were not functioning as the contractor has covered them with sand instead of fixing them.

40.3.5. Mantjolo Water Project

40.3.5.1. Slow Sand Filters

This Project commenced in 2009 and was completed in 2012. It was discovered, during the audit, that there was a leakage and cracks in the catchment wall and consequently water was not able to pass through the inflow into the supply pipe. The plaster in the slow sand filters was peeling.

Section 2.3 of the Design Manual for Rural Water Supply systems states that the useful life of a concrete tank is fifty (50) years. This therefore implies that construction of the project did not meet the required quality standards.

During my follow-up audit inspection, I noted that the leakage and cracks in the catchment wall had been fixed. However, the slow sand filters had not been repaired.

40.3.6. Ndunay'thini Water Project

This is another project which was being implemented by Rural Water Supply Branch. The project commenced in October 2014 and at the time of compilation of my audit report the project was still ongoing. However, the progress was slow. The regional office explained that the reason for the slow progress was that the community did not co-operate with the contractor responsible for the construction of the project. This was confirmed by the water project committee during an interview with the audit team. Proof that the project was requested by the community could not be obtained.

I made two follow-up audit inspections and on the first inspection I observed that the project was on-going, at a very slow pace but eventually when I conducted the second follow-up audit inspection I noted that the project had been stopped completely. The control house was also awaiting electric wiring.

Delays in the completion of the water project has a negative effect on the livelihood of the community, as drinking contaminated water was risky and increased national health costs.

40.3.7. Elangeni Water Project

The project commenced in 2010 and was completed in 2015. The project was implemented by a non-governmental organisation, Community Water Developers. They were engaged by Rural Water Supply Branch to implement the project.

During the audit inspection, payment vouchers were not availed to me to confirm that funds were paid in accordance with works done, therefore I could not ascertain the actual amount paid for the project, and it was also not stated if the funds paid to the entity, were initially budgeted for the project.

Furthermore, the project portrayed poor workmanship. The gate valve in the break pressure tank was loosened causing water leakage and the slow sand filters were not fitted with step-ladders which are used during maintenance. The department explained that they could not address the concerns because it was the responsibility of the implementing agent, who, according to Rural Water Supply Branch, was untraceable.

According to section 2.2.5 of the initial Memorandum of Understanding signed on 4th January 2011 between the ministry and the agent, disbursements to Community Water Developers were limited to a total amount of four hundred and twelve thousand, eight hundred and fifty-five Emalangeneni (E 412,855.00).

However, in an addendum dated 21 March 2013 for the Memorandum of Understanding signed on 4 January 2011, it was stated that that the organization had been paid E 659,031.54 and an additional payment of E596, 000.00 was still expected to be paid.

Despite the problems in the project, public funds were not effectively used on this project.

Furthermore, I am concerned that the department paid an organization to implement a project yet the department's core mandate is the design, construction and maintenance of water projects. I am not aware of any authority for outsourcing the project.

A follow-up audit inspection was carried out and it was discovered that the anomalies had still not been rectified. Furthermore, the slow sand filters were leaking so much that a collapse was imminent.

40.3.8. Manjolo Water Project

The project was completed during the 2012/2013 financial year. During the audit inspection I discovered that the water reservoirs had cracks all-round and a break pressure tank had an old piece of timber as its cover. This project displayed poor workmanship yet it was completed barely four years earlier.

The follow-up audit revealed that none of the irregularities had been attended to.

40.4. Non-functioning Projects.

Construction of the projects listed in the table below was completed but they are of no benefit to the communities since they are non-functional.

Project Name	Region	Implementing Agent	Status	Audit Findings	Follow-up Audit Findings	Second Follow-up Findings
1.Efosini	Shiselweni	RWSB	Complete	Project did not have electricity for pump house and there were reportedly leakages in the storage reservoir.	None of the concerns raised had been attended to.	None of the concerns raised have been attended to
2.Timbutini	Manzini	World Vision / RWSB	Complete	The project is non-functional. No water at the community as the borehole ran dry.		The project is still non-functional. No water at the community as the borehole ran dry
3. Hlane	Lubombo	RWSB		Material was found lying idle	Material moved to Khuphuka Water Scheme.	Material moved to Khuphuka where it was found lying idle

41. Audit of Revenue Collections by the Deeds Registry

An audit of revenue collections by the Deeds Registry was carried out for the financial year ended 31st March 2015.

A management memorandum referenced D19Vol.I/35, dated 29th December 2015, was issued to the Controlling Officer, Ministry of Natural Resources and Energy and the Controlling Officer responded through a memorandum dated 5th January 2016 and referenced NRF/C29. A follow-up memorandum dated 13th November 2017 and referenced D19Vol.I/75, requesting an update on the matter, was also issued to the Controlling Officer to which she responded through a memorandum dated 17th November 2017 and referenced RD 8. After analysis and evaluation of the Controlling Officer's responses, the following matter remains unresolved.

41.1. Misrepresentation of Value of Purchase Consideration.

I reported that when reviewing deeds of transfers numbers 413/2014 and 414/2014, I noted that falsified documents were submitted to the Registrar of Deeds with intent to underpay stamp duty due to government amounting to E 467 500.00.

The purchase considerations of the above cited deeds of transfers were declared as E2,000,000.00 and E1,000,000.00 respectively, instead of E34 000 000.00 and E 21 000 000.00 respectively, hence attracting lesser stamp duty fees of E17,000.00 and E8,500.00 instead of E289 000.00 and E178 500.00 respectively. The understated stamp duty was received through receipt numbers 5784014 and 5784019 dated 23/05/2014, respectively. I then advised the Controlling Officer that as a result of the deceitful under-declarations, the government was deprived of revenue amounting to E442 000.00.

I further reported to the Controlling Officer that the deeds in question did not have transfer duty certificates which procedurally serve as proof that transfer duty was remitted at the Treasury Department. As a result, I could not ascertain if transfer duty amounting to **E3,296,000.00** which was due on the two deeds of transfer (being E2,038,000.00 and E1,258,000.00) was remitted to government.

I also drew the Controlling Officer's attention to section 14 (2) of the Stamp Duties Act (1970), which states that in the event of a failure by any person to have any such instrument duly stamped or if a public officer has reason to believe that fraud or evasion of duty was intended, the public officer shall impound the instrument and transmit it to the Accountant – General for the purpose of recovering the duty and any penalty incurred.

In her initial response, the Controlling Officer concurred with my findings and explained that the conveyancer who lodged the deeds of transfer in question indeed misrepresented the amount of purchase consideration, hence resulting in the reported loss of revenue to government. She also concurred that no amount of transfer duty was paid in respect of the deeds in question. She further stated that due to the fraudulent element regarding the deeds, the matter had been reported to the Anti-Corruption Commission as well as the Police to investigate the fraud and also made an undertaking that a committee had been instituted to ensure that the Conveyancer pays all the money due.

After the follow-up, the Controlling Officer updated me that only E20,000.00 out of E3,739,200.00 had been collected from the implicated law firm and that attempts both orally and in writing to have the balance paid had been unsuccessful. She further stated that the Ministry had referred the matter to the Attorney General to either legally demand the balance or institute legal proceedings against the firm and that the Attorney General had issued simple summons against the implicated conveyancer for the payment of the outstanding sum of E3,719,200.00.

It is shocking that the government has been subjected to such a loss which could have been avoided by the Ministry by confirming the value of the property instead of relying on the purchase consideration alone, as provided by the conveyancer. This would be in line with section 24(2) of the Tariff of Stamp Duties Schedule as amended which explains that where the amount of the value of immovable property differs from the amount of the consideration, the duty payable under the Stamp Duty Fee's item should be on the higher amount. Comparing the ascertained value with the under-declared purchased considerations would have raised a red flag and hence giving reason to stop the transfer from going through. I am also concerned that the transfer went through even though transfer duty had not been paid. This scenario paints a bad picture of collusion between the conveyancers and government officials which facilitates illegal transfers of deeds.

42. Audit inspection of Grant to Komati Basin Water Authority

An audit of the Komati Basin Water Authority (KOBWA) Grant was carried out for the financial years ended 31st March 2014, 2015 and 2016.

A management memorandum dated 12 September 2017 and referenced N19 Vol VIII/13, was issued to the Controlling Officer, Ministry of Natural Resources and Energy and the Controlling Officer responded through a memorandum dated 24th October 2017 and referenced NRF/98A. However, the following matters were not satisfactorily addressed.

42.1. Unauthorized Diversion of Funds

In my memorandum, I reported to the Controlling Officer that an amount of E1,397,053.14 was paid from the KOBWA grant, as per Payment Voucher No. 040005 dated 2 July 2013, to Barloworld Equipment (Pty) Ltd as a refund for Value Added Tax (VAT) in respect of the procurement of a groundwater drilling rig and its support truck by the Ministry. I advised the Controlling Officer that to my knowledge, the objective of the Komati Basin Water Authority grant was to purchase, lease or acquire land or other property or for any legal proceedings of the Komati Basin Water Authority, hence the payment of VAT from KOBWA grant funds represented a diversion of funds for a purpose not intended.

This was a violation of section 0202(iii) of the Financial and Accounting Instructions (1970) which instructs Controlling Officers to ensure that public moneys are spent only for the purpose for which they are authorised.

In her response, the Controlling Officer stated that her Ministry requested authority from the Ministry of Finance to use savings from the grant to settle the outstanding debt to Barloworld which the Principal Secretary in the Ministry of Finance responded to in a Memorandum dated 15 May 2013. In justifying the request, the Controlling Officer had stated that the payment initially made by Government for the groundwater drilling rig and support truck excluded the payment of VAT to the Swaziland Revenue Authority since at the time of budgeting and procuring the equipment, VAT was not applicable.

The Controlling Officer's response did not address the issue of authority to divert the KOBWA grant funds because her Ministry's request was not granted by the Principal Secretary, Ministry of Finance. Instead, the Principal Secretary, Ministry of Finance rightly advised the Controlling Officer to liaise with the Accountant General and agree on how the payment can be done according to Government financial procedures and regulations. I therefore maintain that in the absence of evidence proving the contrary, the diversion of funds by the Controlling Officer was unauthorized.

The Principal Secretary, Ministry of Finance, further sought clarification from the Controlling Officer on the reason for excluding the sales tax amount from the quotation of the supplier. I agree with Principal Secretary, Ministry of Finance, that under normal circumstances, the sales tax figure was supposed to have been included in the quotation hence the argument of applicability or non-applicability of VAT in Swaziland does not hold water. Therefore, in the absence of evidence proving that the initial payment did not include sales tax, I cannot ascertain that the refund was justified.

42.1.1. Unverifiable VAT Amount

I also reported that I was unable to confirm the accuracy of the VAT amount paid because the actual amount paid for the purchased groundwater drilling rig and support

trucks could not be ascertained. The Ministry failed to provide me with supporting documents of the procurement such as the quotation, purchase order, invoice, cash receipt, delivery note and evidence of payment in order to enable me to confirm the actual purchase price. Supporting documentation related to the VAT refund to Barloworld (Pty) Ltd as well, was also not availed during the audit inspection.

I further drew the attention of the Controlling Officer to my observation that the Journal Voucher adjustment (JV No. 130875) dated 21st June 2013 reflected an accrual payment of Value Added Tax amounting to E1 521 104.67 yet the actual payment for the VAT refund as per Payment Voucher No. 040005 dated 2 July 2013 was E1,397,053.14, and hence resulting in an unaccounted for variance of E124,051.53.

In her response, the Controlling Officer stated that initially, the Swaziland Revenue Authority had insisted on the payment of E1,521,104.67 for VAT at the border, but VAT assessed at 14% rate of the purchase price of E9,978,951.00 proved to be E1,397,053.14 as supported by the invoice. She then claimed that payment was then made according to the correct VAT amount of E1,397,053.14 which then resulted to the discrepancy savings of E124,051.53

The Controlling Officer did not avail, nor address the issue of non-availability of pertinent source documents supporting the transaction. Moreover, the Controlling Officer's response is not convincing because according to a transfer advice attached to her response, on the 19th of June 2012, the supplier transferred E1,521,140.67 to the Swaziland Revenue Authority. This would then imply that the Supplier incurred a E124,051.53 loss on the refund which is unthinkable. Moreover, it is questionable why it took the Ministry over a year to make the refund.

On further investigation, I also discovered that according to the registration books of the groundwater drilling rig and support truck and the vehicle register as captured in the government computer system, the vehicles were purchased for a total amount of E8,914,371.25. This is E1,064,579.75 less that the amount quoted in the invoice attached to the Controlling Officer's response.

In the absence of source documents supporting the transaction, I am therefore unable to ascertain the amount of the purchase price, the VAT payable, and whether the refund was justified. It is worrying that important records were not preserved as required in section 0313 of the Financial and Accounting Instructions of 1970.

42.2. Non-procedural Handling of Support Truck Accident

I further reported that when conducting a physical verification of the groundwater drilling rig and support truck I discovered that the support truck, registered SG164NR was involved in an accident on 6th April 2016. However, the Ministry did not have records pertaining to the accident such as, the police report, accident report form,

assessment report on extent of vehicle damage, repair costs incurred, and losses report. This was despite the fact that the vehicle had already been repaired by the Central Transport Administration (CTA) at a total cost of E211,035.65. On enquiry, the Departmental Transport Officer and Head of Department appeared to be clueless regarding the circumstances surrounding the accident and nature and cost of repairs made to the vehicle. As a result, I relied on information sourced from the Central Transport Administration (CTA) which included the accident report form, requisition, pictures of damaged vehicle and the cost of the repairs.

I advised the Controlling Officer that this was a violation of Stores Regulations Part II (Vehicle and Mechanical Plant Regulations) which were issued in terms of Section 26 of the Finance and Audit Law of 1967. Section 0701(f) of the regulations states that the driver of the vehicle should report the accident to a police officer within 24 hours after it's occurrence. Sections 0702 to 0704 state that it is the duty of Departmental Transport Officer to report an accident to the Head of Department and General Transport Officer, ensure that a standard Accident Report Form is correctly completed in triplicate, retain one copy, forward the original to General Transport Manager, and forward the other copy to the Head of Department. Section 0706 further states that it is the duty of the Departmental Transport officer to arrange for the vehicle to be taken for repairs and that the Government Transport Officer should report the cost of the repairs to the Head of Department concerned.

The Controlling Officer's response did not address the matter nor did she provide evidence that standard procedure in line with government regulations was followed when handling the accident.

Further scrutiny of the accident report form revealed that while the officer in charge appears to have completed his part of the form on 7th April 2016 which was a day after the accident, the Departmental Officer completed his part on 10th October 2016 which was 6 months later and, ironically, after my audit visit to the Department. I also noted that the Departmental Officer's remarks in the accident form stated that the driver remained suspended while the case was not concluded and that the police report was not completed within the requisite period. It hence puzzles me as to why the police report was not forwarded to me for audit inspection, if it was indeed completed.

I also noted that in the accident report form, the driver attributed the cause of the accident to a one litre Coca-Cola bottle which was under the brake pedal and hence impeded the vehicle's braking ability. He however, did not explain where the bottle came from, why he was unable to recognize it immediately when embarking on the trip and how it ended under the brake pedal of the vehicle.

I am concerned that the Ministry neglected its responsibilities regarding the handling of the accident. Over and above the regulations cited above the Controlling Officer had a responsibility to ensure compliance with chapter 10 of the Financial and Accounting Instructions of 1970 with regards to losses of public moneys. The Head of Department

was supposed to investigate the circumstances of the accident and submit a report with recommendations to the Accountant General on whether the loss to government was a result of negligence by any Government employee, and whether any officer should or should not be required to make good the whole or any part of the loss incurred.

43. Audit of Unpaid Account Receivables

An audit inspection of the outstanding loans made from Revenue and Other Sources (Appendix 12) was carried out for the year ended 31 March 2017. A debtor's circularisation letter was written to the Managing Director of Swaziland Water Services Corporation (SWSC) referenced P31. Vol.1/29, dated 12 January 2018, and copied to the Controlling Officer, Ministry of Natural resources.

My observations were brought to the attention of the Controlling Officer in the same letter written to the Managing Director, highlighting the following issues: -

43.1. Understatement of outstanding IBRD/SWD loan by E12,281,729.05

I requested the Managing Director of SWSC to confirm the balance of their outstanding loan obtained from IBRD/SWD for the period ended 31 March 2017, and the Controlling Officer was also sent a copy of the same letter. In carrying out the audit I had a scope limitation since there were no files available to me containing information pertaining to the said loan. Hence, it was difficult to ascertain if the figure written in the statement was correct.

After receiving the response from the Managing Director of Swaziland Water Services Corporation, referenced AD 04/02 dated the 17 January 2018, I established that total outstanding loan balance was E14,686,951.05 excluding accumulated interest which amounted to E12,652,901.84 which was also outstanding. The total outstanding loan balance was E27, 339,852.89 instead of E 15,058,123.84 reported in the Treasury Statement. This shows that the outstanding loan balance was understated by E12, 281,729.05.

The initial loan outstanding as at 31 March 2016 was E4, 810,456.80 and an additional loan of E9,876,494.25 was received in 2016/2017. This makes a total loan of E14, 686,951.05 excluding interest.

Section 0203 (x) of the Financial and Accounting Instructions of 1970 states that the Controlling Officer should see to it that all books of accounts are correctly posted and kept up to date. I noted that the loan was not updated as the interest was not calculated by the Ministry and the Treasury Department on yearly basis. In the Treasury records there was no record showing interest account maintained for this loan.

My concern is that there is a risk that the Swaziland Water Services Corporation would only repay the principal debt without also repaying the interest which would end up being the responsibility of Government.

44. Audit of the Strategic Oil Reserve Fund

An audit of the Strategic Oil Reserve Fund was carried out for the financial year ended 31 March 2017.

A report referenced N19/Vol.VIII/17 and dated 22nd December 2017 was issued to the Controlling Officer in the Ministry of Natural Resources and Energy. The controlling officer responded through a memorandum referenced NRF/E/75 and dated 29th January 2018. However, the following matters remained unresolved.

44.1 Unremitted Oil Levies

I reported to the Controlling Officer that during my audit, I discovered that two oil companies, Afrison Oils (Pty) Ltd and Translec (Pty) Ltd, had never remitted oil levies despite that they were trading in fuel oil and hence are liable to remit oil levies to Government. As a result, accumulated oil levies amounting to E1,587,129.20 were due to Government as at the end of the financial year under audit. This was a violation of section 4(2) of the Administration of the Strategic Oil Reserve Fund Regulations (2005), which states that “Every supplier shall upon sale by him of any fuel, record the levy payable and not later than the 14th day after the end of month, remit the record to the Principal Secretary for Finance and the Fuel Price Controller as stipulated in Schedule 5 of the Act and deposit into the Fund, the total amount of levy payable on the fuel oil sold in the preceding month”.

I also advised the Controlling Officer that the debt due to government resulting from the unremitted oil levies had attracted interest penalties amounting to E448,621.13 as at 31 December 2017 and hence the total debt due to government is E2,035,750.33. Section 8 of the Fuel Oil Levy Act, 1980, requires that anyone who fails to pay levy within the time prescribed should be liable to pay interest on the amount of any payment or part thereof, not made on the due date, calculated at the rate of one percent per month, and any such amount together with the interest thereon shall be treated as a debt to the Government.

The table below shows the unremitted levies and accrued interest penalties.

Date	Name of Company	Total Monthly unremitted levies (E)	Date Remittance Due	No of Months defaulted	Interest Due(E)
30-Jun-14	Translec	8,400.00	14-Jul-14	41	3,444.00

31-Aug-14	Translec	7,568.00	14-Sep-14	39	2,951.52
30-Sep-14	Translec	15,116.40	14-Oct-14	38	5,744.23
31-Oct-14	Translec	7,556.60	14-Nov-14	37	2,795.94
30-Nov-14	Translec	7,492.20	14-Dec-14	36	2,697.19
31-Jan-15	Translec	118,116.00	14-Feb-15	34	40,159.44
28-Feb-15	Translec	157,715.00	14-Mar-15	33	52,045.95
31-Mar-15	Translec	118,215.00	14-Apr-15	32	37,828.80
30-Apr-15	Afri-Son Oils	54,950.00	14-May-15	31	17,034.50
31-May-15	Afri-Son Oils	81,900.00	14-Jun-15	30	24,570.00
30-Jun-15	Afri-Son Oils	54,600.00	14-Jul-15	29	15,834.00
31-Jul-15	Afri-Son Oils	81,900.00	14-Aug-15	28	22,932.00
31-Aug-15	Afri-Son Oils	136,500.00	14-Sep-15	27	36,855.00
30-Sep-15	Afri-Son Oils	163,800.00	14-Oct-15	26	42,588.00
31-Oct-15	Afri-Son Oils	354,900.00	14-Nov-15	25	88,725.00
30-Nov-15	Afri-Son Oils	218,400.00	14-Dec-15	24	52,416.00
Totals		1,587,129.20			448,621.58
Total debt due to Government					2,035,750.78

I commend the efforts of the Controlling Officer in assuming her responsibility to collect the levy and interest due to government as shown through letters to the implicated companies and subsequently through a memorandum to the Attorney General seeking assistance on recovering the outstanding levy.

I am however concerned that the Fund was and continues to be deprived of significant revenue that is necessary for the fulfilment of its mandate.

In her response, the controlling officer stated that the Ministry wrote to the Attorney General requesting for assistance in recovering the funds owed to Government and made follow-ups on the issue, however there was no response from the Attorney General. She promised to continue following the matter up.

44.2 Late remittance of Oil Levies

In my audit inspection, I reported with concern that oil companies continue to remit fuel oil levies later than the fourteenth day after the end of each month much against Section 5 of the Fuel Oil Levy Act, 1980. I also expressed my worry that even though most fuel oil companies ended up paying the required penalties for late payment as per section 8 of the quoted act, such penalties were usually paid in the subsequent financial year which deprived the Government its due revenue.

I advised the Controlling Officer that, in my opinion, the continued disregard of the law by failing to pay levy within the time prescribed, clearly shows that the 1% interest charged per month for late remittance is no longer effective in encouraging fuel oil

companies to remit oil levy on time. I further recommended the review of the penalties for late remittances such that they are effective in ensuring timely fuel oil levy remittances. The table below shows late remittances and penalties paid thereof.

Date of remittance as per bank statement	Company	Amount (E)	Date for interest payment	Penalties Paid (E)
18-Apr-16	Engen	3,343,724.30	03-May-16	33,437.24
16-May-16	Engen	2,047,138.32	16-Nov-17	20,471.38
17-Aug-16	Puma	658,428.60	23-Nov-17	6,584.28
15-Aug-16	Galp	2,298,895.20	Not yet paid	-
18-Oct-16	Engen	1,031,837.00	16-Nov-17	10,318.37
16-Feb-17	Puma	916,900.00	23-May-17	9,169.00
17-Mar-17	Puma	849,900.00	18-Aug-17	8,499.00

I further reported that Galp Swaziland (Pty) LTD did not pay her late remittance penalty which contravened the Fuel Oil Levy Act of 1980 and the Administration of the Strategic Oil Reserve Fund Regulations, 2005. The company paid its fuel oil levy on sales for July 2016 on the 15th August 2016 which was a day later than the 14th August 2016 remittance deadline hence attracting a late payment interest penalty of E22,988.95 as per section 8 of the Fuel Oil Levy Act,1980.

While I appreciate the efforts by the Controlling officer to enforce the law through writing letters of demand to the company, I am concerned about the continued delays in levy payments and collection of late payment interest charges in spite of my previous audit recommendations and Public Accounts Committee Resolutions regarding this matter. I am however encouraged by the Controlling Officer's initiative to increase the interest percentage from 1% to the prime lending rate which according to her update to the Public Accounts Committee, dated 7th December 2017 and referenced NFR/E/90, has been factored into the Petroleum Bill which is still being drafted. Until the bill becomes law, it remains incumbent upon the Controlling Officer to ensure that revenue due to government is collected promptly.

The controlling officer responded by re-affirming that as a deterrent to late payments by Oil Companies, the Ministry had considered increasing the interest percentage to the prevailing prime lending rate which would be effective as soon as the Petroleum bill which was still being drafted was enacted.

She further stated that Galp Swaziland had since remitted the late interest payment amounting to E22,988.95, on 9th January 2018, which had been outstanding since 15th August 2016.

44.3 Unexplained Transfers

I also reported my concern regarding substantial money transfers from the Strategic Oil Reserve Fund account for which I was not provided with supporting documentation either authorizing or explaining them. This was in spite of the fact that I raised this issue in my previous audits such that the Public Accounts Committee resolved that the Controlling Officer should furnish me with authority explaining that the withdrawals were done under the warrant of the Minister of Finance. The Controlling Officer however failed to provide me with such authority. It is very disturbing that according to the Controlling Officer's update to the Public Accounts Committee, through a letter dated 7th December 2017 and referenced NRF/E/90, the withdrawal authorization instrument had still not been developed.

During the year under audit, a transfer payment of E35,820,907.39 was made on 25 August 2016 which earned interest amounting to E1,077,571.41 on 24 February 2017, six months later. This represented an interest receipt of 3% on the principal.

While in previous correspondences, the Controlling Officer had explained, though without providing evidence, that the funds transferred were invested, I am not able to confirm that attestation. The Controlling Officer's failure to avail documents supporting the purported investments limits my audit scope and thus impacts negatively on my ability to efficiently and effectively perform my mandate. This is a violation of section 0203 (xi) of the Financial and Accounting Instructions (1970 which instructs Accounting Officers to always produce accountable documents whenever I require them.

It worries me that I am not able to confirm if indeed the funds were invested, if the interest received from such investment was accurate, if all the interest earned on the investment was deposited back to the fund or as per agreed investment terms, and whether the returns are good enough considering the investment amount.

The controlling officer stated that she had written to the Ministry of Finance requesting that they urgently develop the withdrawal authorization instrument which will authenticate the investments.

44.4 Irregular Transfer of Funds for payment of Government Salaries

In my memorandum, I also reported that an amount of E420,000,000.00 was paid from the Strategic Oil Reserve Fund Account whereby upon inquiry, I established that the

amount was used for government salaries. I was however not granted access to documents authorizing the transfer of funds and detailing the terms and conditions of the transfers for payment of salaries much against section 0203(xi) of the Financial and Accounting Instructions (1970), where it is stated that accounting officers should produce, when required by me, all accountable documents and books of account, records and vouchers in their charge. As a result, I was unable to confirm the authenticity of the transaction.

Date	Amount debited from the fund (E)
23/09/2016	200,000,000.00
10/03/2017	220,000,000.00
Total	420,000,000.00

I am concerned that the denied access to such essential documentation limits my opinion on the authenticity of the transfers, and moreover, that if the funds will not be reimbursed, the sustainability of the fund may be jeopardized.

The controlling officer stated that she had requested the authorizing documents from the Ministry of Finance which had since been availed by the Accountant General’s office. She further stated that her Ministry had requested a repayment strategy from the Ministry of Finance.

While I appreciate that the transfers were duly authorized, I am still concerned that at the time of compiling this report, there was still no repayment strategy despite that over 9 months had elapsed since the last transfer was made. This was despite that according to a correspondence from the Principal Secretary, Ministry of Finance, dated 16 March 2017 and referenced Fin2/2016/17/83, to the Accountant General, the agreement was that the funds could only be used provided that repayment arrangements were made and that the Ministry of Finance makes a commitment to repay at least E100 million in the following month after the transfer. To date, I am not aware of any repayment arrangement nor any repayment that was made as per the purported agreement.

44.5 Unjustified Levy on JET fuel and AVGAS

I also reported to the Controlling Officer that fuel oil levy amounting to E5,936.06 which was collected by the Ministry in respect of Jet fuel and Avgas from Engen Swaziland (PTY) LTD and deposited into the Strategic Oil Reserve Fund was not supported by any legal instrument. While section 3 of the Fuel Oil Levy Act of 1980 gives the Minister of Natural Resources and Energy the privilege, subject to approval by Parliament, and by Order published in the Gazette, to impose a levy on any fuel oil, such instrument imposing a levy on Jet Fuel and Avgas was not availed for audit purposes.

Without documentation justifying imposing the levy on such fuel, at the rate used, I am unable to ascertain the legitimacy and accuracy of the Jet fuel and Avgas fuel oil levy

collections. The table below depicts the levy remittances by Engen Swaziland (Pty) Ltd in respect of Jet fuel and Avgas.

Jet fuel				AVGAS			
Month	Litres	Rate	Remitted levy (E)	Litres	Rate	Remitted levy	Total (E)
Apr-16	39,485.00	0.0125	493.56	24,805.00	0.0125	310.06	
Jun-16	79,778.00	0.0125	997.23	-	-		
Jul-16	39,806.00	0.0125	497.58	-	-		
Aug-16	207,848.00	0.0125	2,598.10	-	-		
Nov-16	41,523.00	0.0125	519.04	-	-		
Mar-17	41,640.00	0.0125	520.50	-	-		
Totals	450,080.00		5,626.00			310.06	5,936.06

It worries me that if collection of the levy is unlawful, Government may be subjected to legal action by the company, which may be costly for government. As such, the Government may be unknowingly accumulating an unbudgeted-for liability which may necessitate hefty refunds in case these levy collections were not legitimate.

In her response, the Controlling Officer agreed that the Ministry did not possess documents justifying the levy imposed on such fuel. She stated that whilst her Ministry was awaiting the enactment of the Petroleum Bill, the company would be notified to stop remitting the levy on Jet Fuel and Avgas.

45. Unauthorized Over Expenditure on Recurrent Vote

Over expenditures beyond the budget provision and beyond amounts that have been appropriated by Parliament are illegal and clearly violate the Appropriation Act as well as Financial and Accounting instruction 0202 (ii).

Notwithstanding the stipulation of the above stated laws, the Controlling Officer spent public funds that were not budgeted for and such expenditure was not authorized by Parliament. The over expenditure was as follows:

Head	Item	Released Budget (E)	Actual/Committed Expenditure (E)	Over Expenditure (E)	Over Expenditure (%)
10	CTA Vehicle Charges	7,865,631	17,226,934.73	9,417,703.73	119.7

The Controlling Officer did not furnish me with any authority that allowed disbursement of public funds beyond the budget provision and the Appropriation Act of 2017.

46. Under Expenditure on Project F01599 – Mini Micro Hydro Power study and pilot programme

Under expenditures are as serious as over expenditures in that if funds are locked up and not utilized it retards the development and economic growth of a country.

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

An amount of E820,000.00 was approved for the implementation of this project. Of this amount, E320,000.00 was released, however, actual expenditure amounted to E279,805.51, resulting to an under expenditure of (E320,000.00 – 279,805.51.00) E40,194.49 (13%)

Project Name	Approved Estimate	Funds released	Actual expenditure	Variance
F01599 Mini Micro Hydro Power study and pilot programme	820,000.00	320,000.00	279,805.51	40,194.49

The Controlling Officer is expected to explain these savings and further update me on the current status of the projects

The Controlling Officer in her response cited that the under expenditure was caused by procurement process resulted in major delays hence not all the stakeholders' workshops were held before the financial year end.

47. Under Expenditure on Project X46199 – Rehabilitation of DAA Laboratory

Under expenditures are as serious as over expenditures in that if funds are locked up and not utilized it retards the development and economic growth of a country.

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

An amount of E3,000,000.00 was approved for the implementation of this project. E2,975,000.00 was released. However, actual expenditure amounted to E2,604,383.28, resulting to an under expenditure of (E2,975,000.00 – 2,604,383.28) E370,616.72 (12%)

Project Name	Approved Estimate	Funds released	Actual expenditure	Variance
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X46199 Rehabilitation of DAA Laboratory	3,000,000.00	2,975,000.00	2,604,383.28	370,616.72
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The Controlling Officer is expected to explain these savings and further update me on the current status of the projects.

HEAD: 20 AGRICULTURE

Objectives:

To develop Swaziland Agricultural Sector and create a conducive environment for sustainable agricultural development, attainment of food security and growth of the national economy, through the formulation of appropriate policies, strategies and programs, and legal and institutional framework.

48. Farm Inputs Fund/Appendix 51

An audit was conducted on the above mentioned subject matter and a memorandum referenced **A2/2016/2017/88** dated 15th January 2018 was issued to the Principal Secretary, Ministry of Agriculture. The Controlling Officer in his response referenced ADF 51, dated 17th January 2018, concurred with my findings.

48.1. Undisclosed Farm Inputs Revenue

The above stated memorandum that I sent to the Controlling Officer drew the attention of the Controlling Officer to my concerns about non disclosure of revenue totaling E47,269,438.36 in respect of money that was received from farmers towards purchase of farm inputs. The amounts of 23,817,859.36 and E23,451,579.00 were collected during the fiscal years 2015/2016 and 2016/2017, respectively, but were not disclosed in the statement of Farm Inputs Fund.

Non disclosure of the revenue receipts may result in distortion of government accounts during the 2015/2016 and 2016/2017 financial years. Distorted financial statements may be misleading to stakeholders/users of the information contained in financial statements.

48.2. Delayed Distribution of Farm Inputs

I also raised my concerns about delayed distribution of farm inputs to farmers which results in reduced crop yield which is against the objective of the fund. The objective of the project is to accelerate national food security through increased maize production particularly in the high veld and the upper middleveld which have a high rainfall climate.

49. Unauthorized Over Expenditure on Recurrent Vote

Over expenditures beyond the budget provision and beyond amounts that have been appropriated by Parliament are illegal and clearly violate the Appropriation Act as well as Financial and Accounting instruction 0202 (ii).

Notwithstanding the stipulation of the above stated laws, the Controlling Officer spent public funds that were not budgeted for and such expenditure was not authorized by Parliament. The over expenditure was as follows:

Head	Item	Released Budget (E)	Actual/Committed Expenditure (E)	Over Expenditure (E)	Over Expenditure (%)
20	Personnel Costs	173,519,104	195,771,832.93	22,252,728.93	12.8

The Controlling Officer did not furnish me with any authority that allowed disbursement of public funds beyond the budget provision and the Appropriation Act of 2017.

50. Under Expenditure on Project A37299 – Water and Irrigation Development at Sigangeni, Mpuluzi

Under expenditures are as serious as over expenditures in that if funds are locked up and not utilized it retards the development and economic growth of a country.

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

An amount of E23,225,000.00 was approved and released for the implementation of the above-mentioned project. However, actual expenditure amounted to E2,999,684.26, resulting to an under expenditure of (E23,225,000.00 – 2,999,684.26) E20,225,315.74 (87.1%)

Project Name	Approved Estimate	Funds released	Actual expenditure	Variance
A37299 Water and Irrigation Development at Sigangeni, Mpuluzi	23,225,000.00	23,225,000.00	2,999,684.26	20,225,315.74

The Controlling Officer is expected to explain these savings and further update me on the current status of the project.

The Controlling Officer in his response referenced ATF 29 dated 18th January 2018, explained that the Ministry was assigned to implement Lozitha Resettlement Project. The resettlement project had no budget allocation hence funds were diverted from other capital projects to make this project successful.

The total amount diverted from other projects was E21 225 000.00. This amount was diverted to Project A37299, the water project. This re-allocation was approved by the Ministry of Economic Planning.

The Controlling Officer further mentioned that the water and irrigation project utilized only E2 999 684.26.

The office of the Accountant General identified some anomalies in the re-allocation of the funds and made it impossible for the Ministry to spend the balance hence the under expenditure.

HEAD: 23 ECONOMIC PLANNING AND DEVELOPMENT

Objectives:

Planning – To assist in planning and implementing economic policies to accomplish Government development objectives.

51. Under Expenditure on Project G60199- Swaziland Household Income and Expenditure Survey

Under expenditures are as serious as over expenditures in that if funds are locked up and not utilized it retards the development and economic growth of a country. I therefore consider under expenditures of 10% and above on capital projects in a year as not conducive to the development of a country.

An amount of E11,826,000.00 was approved and E11,817,018.00 released for the implementation of the above-mentioned project. However, actual expenditure amounted to E9,792,208.87, resulting to an under expenditure of (E11,817,018.00–9,792,208.87) E2,024,809.13 (17%)

Project Name	Approved Estimate	Funds released	Actual expenditure	Variance
G60199 Swaziland Household Income and Expenditure	11,826,000.00	11,817,018.00	9,792,208.87	2,024,809.13

The Controlling Officer is expected to explain these savings and further update me on the current status of the project.

The Controlling Officer in his response explained that the survey was conducted. The under expenditure was caused by delays of invoice from CTA whereby 10 cars were rented from a private company to help in project.

HEAD: 24 HOUSING AND URBAN DEVELOPMENT

Objectives:

To initiate and draft policies and development objectives relating to housing and urban development.

52. Unauthorized Over Expenditure on Recurrent Vote

Over expenditures beyond the budget provision and beyond amounts that have been appropriated by Parliament are illegal and clearly violate the Appropriation Act as well as Financial and Accounting instruction 0202 (ii).

Notwithstanding the stipulation of the above stated laws, the Controlling Officer spent public funds that were not budgeted for and such expenditure was not authorized by Parliament. The over expenditure was as follows:

Head	Item	Released Budget (E)	Actual/Committed Expenditure (E)	Over Expenditure (E)	Over Expenditure (%)
26	Personnel Costs	66,682,252	74,289,763.81	7,607,511.81	11

The Controlling Officer did not furnish me with any authority that allowed disbursement of public funds beyond the budget provision and the Appropriation Act of 2017.

Although the Controlling Officer has responded that the over expenditure was due to un-budgeted recruits who were initially pegged against training positions which did not attract allowances, and later transferred to out stations positions which attracts allowances.

53. Under Expenditure on Project X20299 – Urban Development Project

Under expenditures are as serious as over expenditures in that if funds are locked up and not utilized it retards the development and economic growth of a country.

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

An amount of E10,000,000.00 was approved and released for the implementation of the above-mentioned project. However, actual expenditure amounted to E3,800,000.00, resulting to an under expenditure of (E10,000,000.00 – 3,800,000.00) E6,200,000.00(62%)

Project Name	Approved Estimate	Funds released	Actual expenditure	Variance
X20299 Urban Development Project	10,000,000.00	10,000,000.00	3,800,000.00	6,200,000.00

The Controlling Officer is expected to explain these savings and further update me on the current status of the projects.

The Controlling Officer concurred with my finding and explained that the project suffered a major delay where the contractor withdrew to proceed with bulk infrastructure installation in Mhobodleni on account of no payment by government.

54. Under Expenditure on Project X49399 – Government Land Purchase

Under expenditures are as serious as over expenditures in that if funds are locked up and not utilized it retards the development and economic growth of a country.

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

An amount of E8,000,000.00 was approved and released for the implementation of the above-mentioned project.

However, actual expenditure amounted to E4,000,000.00, resulting to an under expenditure of (E8,000,000.00 – 4,000,000.00) E4,000,000.00 (50%)

Project Name	Approved Estimate	Funds released	Actual expenditure	Variance
X49399 Government Land Purchase	8,000,000.00	8,000,000.00	4,000,000.00	4,000,000.00

The Controlling Officer is expected to explain these savings and further update me on the current status of the projects.

The Controlling Officer concurred with my observation. The Controlling Officer explained that the Ministry had to be assisted by the office of the Surveyor General in the evaluation exercise could not be done in time and led to further delays in negotiating with the property owners resulting in funds reverting back to the Consolidated Fund.

55. Under Expenditure on Project P34770- Procurement of Four Mortuary Vehicles

Under expenditures are as serious as over expenditures in that if funds are locked up and not utilized it retards the development and economic growth of a country.

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

An amount of E1,920,000.00 was approved and E1,569,152.00 released for the implementation of the above-mentioned project. However, actual expenditure amounted to E4,936.34, resulting to an under expenditure of (E1,569,152.00 – 4,936.34) E1,564,215.66 (100%)

Project Name	Approved Estimate	Funds released	Actual expenditure	Variance
P34770 Procurement of Four Mortuary Vehicles	1,920,000.00	1,569,152.00	4,936.34	1,564,215.66

The Controlling Officer is expected to explain these savings and further update me on the current status of the projects.

The Controlling Officer in his response referenced 3/1/5/2 dated 18th January 2018. Explained that the project does not exist under the Ministry of Housing and Urban Development. He further explained that the Ministry has Project 34799 entitled Mobile Satellite Fire Station.

56. Over Expenditure on Project P34970 – Procurement of Water Tankers for New Satellite Fire

Expenditure in excess of budget provision and released funds is illegal in that it distorts the fiscal budget of a country.

This is supported by Financial and Accounting Instructions 0202 (ii) and 0401 which disallow expenditure in excess of funds released.

An amount of E17,600,000.00 was approved and E4,800,000.00 released for the implementation of the above-mentioned project. However, actual expenditure amounted to E9,633,045.74 resulting to an over expenditure (E4,800,000.00- 9,633,045.74) E4,833,045.72 (101%)

Project Name	Approved Estimate	Funds released	Actual expenditure	Variance
P34970 Procurement of Water Tankers for New Satelite Fire	17,600,000.00	4,800,000.00	9,633,045.74	4,833,045.72

The Controlling Officer is expected to explain the authority that allowed him to spend beyond the released funds and further update me on the current status of the project.

The Controlling Officer explained that project was partly funded. The funds were to be utilized for the purchase of fire-fighting equipment. The funds were transferred to Head 9 (CTO) in order to procure the equipment. When CTO was processing the payment the supplier charged the project which was an anomaly. This caused a double charge. The Ministry wrote to Accountant General to request a reversal of this error.

HEAD: 29 COMMERCE, INDUSTRY AND TRADE

Objectives:

To ensure and promote sustainable development of the industrial and commercial sectors of the economy and promote trade activities.

57. Audit of Recurrent Expenditure

An audit of the recurrent expenditure was conducted for the financial year ended 31st March 2017. In my memorandum referenced E31 Vol. III/16, dated 14th December 2017, I brought the following anomalies to the attention of the Controlling Officer. The Controlling Officer, in a response referenced MCIT/RQID/20/97, dated 29th December 2017, concurred with my findings.

57.1. Overpayment of salary, employment number 39953702

I drew the attention of the Controlling Officer that the cleaner holding employment number 39953702, working at the Ministry of Commerce, Industry and Trade, was found guilty of stealing a computer (monitor, central processing unit with a software) and a vacuum cleaner which were stolen from the Ministry of Labour and Social Security on 19th February 2016.

According to a letter from Police Regional Headquarters - Hhohho on the 'update on house breaking and theft case – Mbabane RCCI 939/2016 and 1030/2016', referenced H/33/15/26/1, dated 20th July 2017, the total value of the items stolen amounted to E46,650.00. His criminal case was held at Mbabane Magistrate Court as Court Case No. 148/2016 on 13 April 2017 and he was sentenced for two years' imprisonment with an option of a fine of E2,000.00 on both counts.

As stated in a memorandum from the National Commissioner of Police, dated 2nd March 2016, referenced NATCOM/33/14/18/69, the Controlling Officer was informed that the officer was arrested and charged of house breaking and theft on 29th February 2016. In the memorandum the National Commissioner of Police, informed the Controlling Officer that the employee appeared before the Mbabane Magistrate Court on 1st March 2016 and was remanded in custody, at Sidwashini Correctional Service 'Prison'.

The correspondence from the National Commissioner of Police provided the Controlling Officer with reasonable grounds for suspicion that the officer had committed the crime of theft in respect of public property. According to Government General Order A. 974 (1), the Controlling Officer should have after consulting the Director of Public Prosecutions, suspended the officer from duty. Whereas General Order A.974 (2) requires that the suspension be without payment of salary, the Controlling Officer requested the Civil Service Commission on 5th April, 2016 to consider suspending the officer will full pay. Consequently, the Civil Service

Commission suspended the officer from work on full pay with effect from 23rd May, 2016.

The suspension was in violation the General Order quoted above and has resulted in a loss of public funds amounting E64,870.29 that were paid to officer as a salary from March 2016 to November 2017.

The salary that was paid to the officer accumulated to E64,870.29 as depicted in the table below:

Salary Date	Gross Pay (E)	Rebate (E)	Pension Contributed (E)
24/03/2016	2,341.67		100.00
24/04/2016	2,341.67		100.00
24/05/2016	2,341.67		100.00
24/06/2016	2,341.67		100.00
25/07/2016	5,487.92	Back Pay: E2,272.00 Rebate: E116.92	138.70
24/08/2016	3,099.00		138.70
23/09/2016	3,099.00		138.70
24/10/2016	3,099.00		138.70
24/11/2016	3,099.00		138.70
17/12/2016	3,099.00		138.70
16/01/2017	3,099.00		138.70
22/02/2017	3,099.00		138.70
22/03/2017	3,099.00		138.70
21/04/2017	3,099.00		138.70
23/05/2017	3,099.00		138.70
22/06/2017	3,099.00		138.70
21/07/2017	3,099.00		138.70
22/08/2017	3,099.00	E421.69	138.70
22/09/2017	3,099.00		138.70
23/10/2017	3,099.00		138.70
22/11/2017	3,099.00		138.70
Total	64,870.29		2,757.90

It should be noted that the Controlling Officer should have become aware of the charges against the officer at the earliest, on the date of his arrest, 29th February, 2016 but not later than the date of National Commissioner of Police's memorandum dated 3rd Marh, 2016. Despite the evidence at the Controlling Officer's disposal at that time, and even after I had raised an audit query on the matter on 26th June 2017, the appropriate action was not taken.

It should also be pointed out that the officer was employed on probation at the time of the crime and his subsequent arrest.

According to section 3 (ii) of the Theft and Kindred Offences Act of 1975, with effect from the date of his suspension an employee should cease to receive any further salary, wages or other emoluments relating to his office. This is further endorsed by section 39 of the Employment Act of 1980 which states that an employer may suspend an employee from his employment without pay where the employee is remanded in custody.

General Orders A.210 read in conjunction with A.911, A932 and A.951 also confirm that an officer that is on suspension should not be paid any emoluments from the date of his conviction pending a decision on his case by the Head of Department, and a final decision on the question of the officer's dismissal.

In his response, referenced MCIT/RQID/20/97 and dated 29th December 2017, the Controlling Officer indicated that he had not recovered the loss of **E64,870.29** that was resultant from the salary that was unnecessarily paid to the officer. He however did not state how the avoidable loss would be recovered into government coffers. The Controlling Officer also reported that the officer had been dismissed from work and attached the dismissal letter from the Civil Service Commission. However, there was no evidence that the Controlling Officer had recovered the overpayment which should not have been allowed from the onset.

57.2. Payment of Subventions to Non parastatal organisations

I also communicated to the Controlling Officer that subventions totalling E3, 000,000.00 had been paid to Swaziland Beverages (Kickstart), Junior Achievement Swaziland and Enactus Swaziland without proper authority from Cabinet and/or Parliament, as the above mentioned organizations are neither classified as Public Enterprises nor public entities.

The breakdown of the subvention paid to the aforementioned organisations is depicted in the table below.

Organization	Voucher No.	Amount (E)
Swaziland Beverages (Kick Start)	110001	2,000,000.00
Junior Achievers	070001	500,000.00
Enactus	070029	500,000.00
Total		3,000,000.00

I requested the Controlling Officer to justify disbursements of the public funds to the aforementioned organisations. However, I was not provided with the following information: -

- a) The criteria used to select these organisations to receive subventions from Government
- b) A signed Memorandum of Understanding between Government and these organisations, stating their objectives, terms, requirements and public services rendered.

- c) Means of reporting on the usage of the public funds and the types of financial reports prepared by the organisations, including information on how the Ministry uses the financial reports prepared by the organizations on the usage of the public funds.
- d) The audited financial records, how they are being audited and evidence that the audited financial statements are sent to the Public Enterprises Unit (PEU), at Ministry of Finance.
- e) A Cabinet minute where Government resolved to fund the organisations.

There is a risk that the decision to fund the organisations might have been taken at an inappropriate level thus by officers who did not have authority, and lack of accountability in the usage of public funds. Funds may not be used for intended purposes and there may be lack of monitoring and evaluation of funds usage to confirm if the objectives of funds are being met.

In his response, the Controlling Officer acknowledged the observation and stated that he had submitted a draft Cabinet Paper and Memorandum of Understanding (MoU) between the Ministry and the respective organisations. The unsigned draft documents confirm that the grant of public funds to the above named organisations was not authorized.

58. Audit of Capital Project M32899-Construction of New Industrial Estate in Matsapha Phase II

An audit inspection on Project M32899 – Construction of New Industrial Estate in Matsapha Phase II was conducted and a report referenced E31CP.13 dated 23rd October 2017 was issued to the Principal Secretary, Ministry of Commerce, Industry and Trade.

The Controlling Officer responded to my report with a memorandum referenced MCIT 1/60, dated 3rd November 2017. However, the response did not satisfactorily address my concerns.

58.1. Consultant’s Supervision fees.

In my memorandum referenced above, I raised concerns that irrespective of a provision of E 2,400,000.00 for consultant’s supervision fees, in the bills of quantities, there was no proof that a consultancy service provider was engaged for the project.

In his response referenced above, the Controlling Officer stated that the Contractor-Heptagon Construction had hired MC Masuku & CO, as a consultant / resident engineer, allegedly at a fixed payment of E60,000.00 per month. The Controlling Officer further attached a signed contract between Heptagon and the consultant,

detailing their obligations to the project. However, legality of the contract is questionable because the contractor did not have any right to engage her own supervisor on behalf of the contractor's employer.

In view of the Controlling Officer's response, I am concerned that procedures were flouted in this matter. It is not the contractor's obligation to appoint an engineer for the project. The appointment of such is the responsibility of the employer, who in this case, is government. It is puzzling how the Controlling Officer allowed the contractor to decide on who would supervise the contractor yet it was the employer's responsibility to appoint supervising consultant

This is further emphasised by FIDIC Harmonised Condition of Contract for Construction 3.1 which states that "the Employer shall appoint the Engineer who shall carry out the duties assigned to him in the contract."

The public funds amounting E1,700,000.00 that were paid to MC Masuku and Company should not have been disbursed, hence the money must be recovered and those responsible for the loss of public funds must be held responsible.

More so because, the supervising consultant had no obligation to consider and protect the employer's interest because MC Masuku and Company had no contract with government, the employer.

The Controlling Officer in his response memorandum referenced RQID/60 dated 29th January 2018 acknowledged my observation and further advised my office to note that a consultant was hired namely MC Masuku & Company. The Controlling Officer also advised my office that the contract that was entered into by the main contractor Heptagon and government was a (design and build contract) which allows the contractor to hire his own consultant.

The Controlling Officer's response is not satisfactory as I mentioned in my correspondence that the supervising consultant had no obligation to consider and protect government's interest since MC Masuku & Company was employed by Heptagon, the main contractor.

58.2. Unauthorised Interim Payment Certificate No.10.

In the same correspondence referenced above, I reported that during my audit inspection, I discovered that payment certificate No.10 amounting E 5, 830,345.58 was paid to Heptagon Company (Pty) Ltd yet the certificate did not have the client engineer's signature thereby contravening section 14.3 of FIDIC Harmonised Condition of Contract for Construction which states "that the contractor shall submit a

statement in six copies to the engineer after the end of each month showing in detail the amounts to which the contractor considers himself to be entitled”.

This means that the interim payment certificate has to be approved or authorised by the engineer before it is processed for payment. As such, the certificate was invalid and any disbursement of public funds based on the certificate, were unlawful. A legitimate interim payment certificate is a certificate that has been signed by both the Contractor’s representative and the Client Engineer in charge of the project.

The payment of the unauthorised interim certificate indicates that controls were not followed and government was at risk of losing funds through payments of counterfeit interim payment certificates.

In his response referenced MCIT 1/60 dated 3rd November 2017, the Controlling Officer reported that submission of the unsigned certificate was an oversight and a signed copy of the certificate was mistakenly filed by the ministry instead of it being attached to the payment. I am not convinced by this response because the statement is submitted for approval in six copies and they are to be approved simultaneously.

The Controlling Officer in the same memorandum quoted above acknowledged my observation and promised that the Ministry will develop and implement all procedure in the public Finance Regulations. To correct the anomaly the Ministry has developed an internal tool that will be used as a check list for all interim certificates.

58.3. Unsupported Expenditure – E 72,056,609.28

In the same correspondence referenced above, I also raised concerns that during my audit, I discovered that expenditure amounting E72,056,609.28 was not supported. A valuation of work done was not attached to the payment vouchers which were used to pay the contractor, as supporting documents. A valuation of work done is a detailed breakdown, generally prepared by a contractor that constitutes an application for payment for work undertaken in a particular period. It is checked and signed off by the client's contract administrator (project manager). This usually involves visiting the site and checking that the work has been carried out, either by measurement or by visual inspection.

Financial and Accounting Instruction 0803 states that “All vouchers must contain full particulars in respect of the payment made.... supporting documents must be secured to the voucher.” This is further emphasised by FIDIC Harmonised Condition of

Contract for Construction which states “that the contractor submits a statement, together with supporting documents, in six copies to the engineer after the end of each month showing in detail the amounts to which the contractor considers himself to be entitled,”.

In his response the Controlling Officer attached Appendices to support the expenditure in question.

However, the documents that were attached by the Controlling Officer did not support the expenditure in question.

58.4. Provision of Facilities and Assets.

Clause PSA 5.2 to 5.4 of the contract provides for the provision of facilities and the purchase of vehicles and other assets for the project. These include temporary offices and furniture as listed below. The assets were for use by both government and the contractor for the duration of the contract. This means that these facilities and assets were used by the engineers from project commencement up to project completion, whereupon, it was expected that they revert back to Government.

However, I discovered that according to the contract, clause PSAB 3 to 3.2.4, ownership of the buildings and furnishings shall revert to the contractor upon completion of the project. This was further confirmed by the Project Manager.

I am concerned why the facilities and assets become the contractor’s property yet they were paid for by government, and according to payment vouchers, the contractor was paid all his contractual dues. In as much as a contract is legally binding, I find it difficult to comprehend the logic for this certain clause in the contract.

The contractor provided construction services to government and everything priced in the bills of quantities /contract is the property of government. This includes the infrastructure constructed and the facilities, vehicles and other assets which were used for the project. It is government who paid for the facilities and assets. However, the contract requires that they ‘revert’ to the contractor.

The facilities and assets were never the property of the contractor; thus it is peculiar to state in the contract that they should revert to the contractor. It is my understanding that the term revert means ‘return’, hence return should have meant ‘return to the government’, as the buyer and owner of the assets. More so because there was no evidence that control and risks associated with ownership were transferred to the contractor during the project period.

Government has always been the owner of the assets from the beginning and had allowed the contractor to use them for the duration of the contract.

Further investigations have revealed that in contracts where the cost of providing facilities and assets is borne by government, they revert back to government, upon completion of the project.

Whereas, in contracts where the cost of providing facilities and other assets is borne by the contractor, while government pays rental, it is expected that upon project completion they revert to the contractor. If this was the case in the contract, then it would be correct that the assets belong to the contractor. However, this was not the case.

In his response the Controlling Officer, after requesting for advice from the Attorney General, confirmed that the facilities and assets indeed will revert to the contractor, as per the contract.

The unanswered question is why the Controlling Officer entered into a contract that was unreasonable and costly to the taxpayer and unfairly to the benefit of the contractor. The Controlling Officer must be held accountable for the loss of scarce public resources.

The table below shows the list of assets and facilities whose ownership was passed to the contractor yet they were paid for by government:

Facility	Amount (E)
Furnished Office (2 No)	60,000.00
Telephone System	100,000.00
Name boards (2 No)	15,000.00
Kitchen unit	55,000.00
Motor Vehicles (2)	700,000.00
Carports (3 No)	11,000.00
Survey Equipment	15,000.00
Survey assistants and material	30,000.00
Total	986,000.00

The Controlling Officer in his response stated that the Ministry had noted the Discrepancy in the contract. The Controlling Officer also stated that he was Advised by the Engineer employed by the Ministry to develop the contract.

I still maintain that someone should be held liable for the loss government suffered.

59. Unauthorized Over Expenditure on Recurrent Vote

Over expenditures beyond the budget provision and beyond amounts that have been appropriated by Parliament are illegal and clearly violate the Appropriation Act as well as Financial and Accounting instruction 0202 (ii).

Notwithstanding the stipulation of the above stated laws, the Controlling Officer spent public funds that were not budgeted for and such expenditure was not authorized by Parliament. The over expenditure was as follows:

Head	Item	Released Budget (E)	Actual/Committed Expenditure (E)	Over Expenditure (E)	Over Expenditure (%)
29	CTA Vehicle Charges	6,511,310	7,335,662.18	835,391.98	12.8

The Controlling Officer did not furnish me with any authority that allowed disbursement of public funds beyond the budget provision and the Appropriation Act of 2017.

60. Under Expenditure on Project M35199- Market Access and Trade Facilitation

Under expenditures are as serious as over expenditures in that if funds are locked up and not utilized it retards the development and economic growth of a 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.

An amount of E8,350,000.00 was approved and E8,000,000.00 released for the implementation of the above-mentioned project. However, actual expenditure amounted to E6,991,007.64, resulting to an under expenditure of (E8,000,000.00 – 6,991,007.64) E1,008,992.36 (12.6%)

Project Name	Approved Estimate	Funds Released	Actual Expenditure	Variance
M35199 Market Access and Trade Facilitation	8,350,000.00	8,000,000.00	6,991,007.64	1,008,992.36

The Controlling Officer is expected to explain these savings and further update me on the current status of the project.

HEAD: 30 EDUCATION AND TRAINING

Objectives:

Education - To provide facilities and training for the purpose of improving the general level of education and to regulate education and training facilities.

61. Audit Inspection – Vusweni High School

An audit inspection was conducted at the above-mentioned school from the 23rd of October 2017 to the 25th of October 2017 and an audit inspection report referenced M4B Vol. VIII/9, dated 15th November 2017 was issued to the Principal Secretary, Ministry of Education and Training.

The Controlling Officer did not address the following concerns:

61.1. Head teacher and teachers not paying rent

I communicated to the Controlling Officer that three teachers were occupying government houses without paying rent and the rent amounted to **E4, 810.00**.

Below is an analysis of the unpaid rent.

Employment number	No. of Months	Monthly rental (E)	Date of Allocation	Amount owed (E)
300247310	22	30.00	January 2016	660.00
3726727	55	50.00	October 2012	2,750.00
9750544	28	50.00	April 2015	1,400.00
Total				4,810.00

Government General Order A.761 states that rents for Government Quarters shall be collected by means of monthly deductions, at the appropriate rates, from an officer's salary. It also requires the officer to, in his own interests, ensure that rent deductions are made from his salary.

However, the officers enjoyed the benefits of being accommodated in Government Quarters without paying rent, for years.

I recommended that the total amount owed be recovered from the officers but there was no evidence that the outstanding E4,810.00 had been recovered.

61.2. Contract of Employment for Support Staff

The Controlling Officer was informed that support staff had no contracts of employment, yet in terms of section 151 of the Employment Act 1980, the school is required to keep and maintain all records of the person employed by the school, inclusive of job descriptions and salaries.

Listed below are support staff members employed by the School and their monthly salaries.

Occupation	Salary (E)
Secretary	2,006.00
Cooker	1,050.00
Security	1,100.00
Security	1,100.00
Total	5,256.00

I recommended that contracts of employment be prepared for all support staff employed by the school to ensure that the employment act of 1980; section 151 is complied with.

The Controlling Officer did not respond to the concerns raised, thus violating Financial and Accounting Instruction 0315 (ii) which requires Controlling Officers to respond promptly to any queries addressed to them by the Auditor General.

62. Outstanding Imprest as at 31st March 2017

An audit of the Financial Statement of Imprest Outstanding for the year ended 31st March 2017, was carried out and a memo referenced A2/2016/2017/49 dated 07th December 2017 was issued to the Controlling Officer.

I reported to the Controlling Officer that outstanding imprest amounting to E47 042.40 was accounted for after the end of the financial year. Every imprest should be retired by 31st March each year. Consequently, this account should have a zero balance by the end of each financial year. Failure to retire imprest has implications of understating expenditure for the year that is reported on and overstating expenditure for the subsequent fiscal year.

According to Financial and Accounting Instruction 1403, imprest must be retired on or before the date specified in the imprest warrant. Violation of this accounting control resulted in distortion of government accounts.

The Controlling Officer did not respond to the concerns raised, thus violating Financial and Accounting Instruction 0315(ii) which requires Controlling Officers to reply promptly to any queries addressed to them by the Auditor General.

63. Audit Inspection – Ekubongeni High School

An audit inspection was conducted at the above-mentioned school from the 07th of December 2017 to the 08th of December 2017 and a Memorandum, referenced PIOB Vol. X/5, dated 08th January 2018 was issued to the Principal Secretary, Ministry of Education and Training.

However, the Controlling Officer did not respond to the following concerns:

63.1. Unaccounted for/Missing Admission Fees

I communicated to the Controlling Officer that admission fees collected by the school from new students which amounted to **E2, 680.00** were missing and had not been accounted for.

It is a serious concern to me that money that was received by the school was missing and could not be counted for. The money must be recovered and be accounted for in the school records.

The Controlling Officer did not respond to the concerns raised, thus violating Financial and Accounting Instruction 0315(ii) which requires Controlling Officers to reply promptly to any queries addressed to them by the Auditor General.

64. Payment of Grants, Subsidies and Other Transfer payments

64.1. Unauthorized Subvention

An audit of payments of grants, subsidies and other transfer payments for the year ended 31 March 2017 was carried out at the Ministry of Education and Training and a memo referenced, E7VolX/10 dated 13th December 2017, was issued to the Controlling Officer.

The attention of the Controlling Officer was drawn to an unauthorized subvention of E3 968 171.00 to Swaziland Skills Centres. The Swaziland Skills Centres is an

association for non profit organisations registered under the Companies Act of 1912, incorporating Manzini Industrial Training Centre (MITC), Nhlanguano Agricultural Skills Training Centre (NASTC) and Siteki Industrial Training Centre (SITC).

Despite that these associations are budgeted for in the government estimates book, the subvention is not supported by legal notice number 189 of 2015 which assigns ministerial responsibilities for different units to ministries, including public enterprises and other public bodies. Further, the Controlling Officer could not furnish me with a legal notice or other authority upon request which binds the Government of Swaziland to make subventions to the Skills Centres. Instead, I was provided with an unsigned and undated copy of a Memorandum of Understanding between Swaziland Skills Centres/ Manzini Industrial Training Centre (MITC) and the Ministry of Education.

Notwithstanding that the Government should encourage skills development, I advised the Controlling Officer that tax payers' moneys should only be spent for the purpose for which they are authorised by Parliament to ensure proper safeguard of government resources. I also observed that Authority for payment of the subvention was also not quoted in payment vouchers. Unless the Controlling Officer provides me with the document authorizing the payment of E3,968,171.00 the subvention is considered unauthorized, therefore illegal.

In terms of Financial and Accounting Instruction 1970 section 0406 "every payment voucher must contain a reference to a proper authority". I am concerned that the Controlling Officer did not follow the stated instruction.

The Controlling Officer did not respond to my concerns thus violating Financial and Accounting Instruction 0315(ii) which requires that Controlling Officers should promptly reply to any quires addressed to them by the Auditor General.

65. Under Expenditure on Project E34399 – Water Supply to Schools VII

Under expenditures are as serious as over expenditures in that if funds are locked up and not utilized it retards the development and economic growth of a country.

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

An amount of E2,000,000.00 was approved and released for the implementation of the above-mentioned project. However, actual expenditure amounted to E247 000.00, resulting to an under expenditure of (E2,000,000.00 – 247,000.00) E1,753,000 (88%)

Project Name	Approved Estimate	Funds released	Actual expenditure	Variance
E34399 Water Supply to schools VII	2,000,000.00	2,000,000.00	247,000.00	1,753,000.00

The Controlling Officer is expected to explain these savings and further update me on the current status of the projects.

The Controlling Officer did not respond to the concerns raised, thus violating Financial and Accounting Instruction 0315(ii) which requires Controlling Officers to reply promptly to any queries addressed to them by the Auditor General.

66. Under Expenditure on Project E39799 – Rehabilitation of storm damaged schools

Under expenditures are as serious as over expenditures in that if funds are locked up and not utilized it retards the development and economic growth of a country.

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

An amount of E23,000,000.00 was approved and released for the implementation of the above-mentioned project. However, actual expenditure amounted to E20,000,000.00, resulting to an under expenditure of (E23,000,000.00 – 20,000,000.00) E3,000,000 (13%)

Project Name	Approved Estimate	Funds released	Actual expenditure	Variance
E39799 Rehabilitation of storm damaged schools	23,000,000.00	23,000,000.00	20,000,000.00	3,000,000.00

The Controlling Officer is expected to explain these savings and further update me on the current status of the projects.

The Controlling Officer did not respond to the concerns raised, thus violating Financial and Accounting Instruction 0315(ii) which requires Controlling Officers to reply promptly to any queries addressed to them by the Auditor General.

67. Under Expenditure on Project E45170 – Purchase of Furniture & Equip for schools’ science laboratory

Under expenditures are as serious as over expenditures in that if funds are locked up and not utilized it retards the development and economic growth of a country.

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

An amount of E8,000,000.00 was approved and released for the implementation of the above-mentioned project. However, actual expenditure amounted to E907,974.66, resulting to an under expenditure of (E8,000,000.00 – 907,974.66) E7,092,025.34 (89%)

Project Name	Approved Estimate	Funds released	Actual expenditure	Variance
E45170 Purchase of Furniture & Equip for schools’ science laboratory	8,000,000.00	8,000,000.00	907,974.66	7,092,025.34

The Controlling Officer is expected to explain these savings and further update me on the current status of the projects.

The Controlling Officer did not respond to the concerns raised, thus violating Financial and Accounting Instruction 0315(ii) which requires Controlling Officers to reply promptly to any queries addressed to them by the Auditor General.

HEAD: 34 FINANCE

Objectives:

Finance - To ensure that Government is prudently advised on all fiscal matters as well as ensuring macro-economic stability in Swaziland by formulating and implementing financial policies that optimize economic growth and welfare of its citizens. To prepare annual estimates and appropriation drafts.

Internal Audit – To ensure that Government adopts and follow financial and management procedures and structures that lead to the delivery of efficient and cost effective government services that minimize risk. Ensuring a disciplined and systematic approach to evaluate and improve the effectiveness of internal controls, governance and the accomplishment of objectives.

68. Undisclosed Dividends in the Detailed Statement of Revenue

An audit of the Detailed Statement of Revenue for the year ended 31 March 2017 was undertaken and a memorandum referenced A2/2016/2017/36 dated 29 December 2017 was issued for the attention of the Controlling Officer.

I communicated to the Controlling Officer that the Treasury Department continued not to disclose all dividends received from public enterprises. In the Detailed Statement of Revenue for the financial year ended 31 March 2016 an amount of E7,737,699.65 was not disclosed. This trend continued in the accounts for the financial year 2016/2017 where an amount of E 5,600,000.00 was also not disclosed in the Detailed Statement of Revenue. This revenue was in respect of dividends collected from Swaziland Railway but were not properly brought to account.

The following table shows undisclosed and disclosed dividends in the year 2016/2017;

Public Enterprise	Undisclosed Dividend Revenue (E)	Disclosed Dividend Revenue (E)	Total Dividend Revenue (E)
Swaziland Electricity Company		3,523,911.30	3,523,911.30
FINCORP		658,240.00	658,240.00
Swazi Bank		2,500,000.00	2,500,000.00
Swaziland Railway	5,600,000.00		5,600,000.00
Standard Bank Swaziland Limited		19,792,500.00	19,792,500.00
Nedbank Swaziland Ltd		6,882,792.50	6,882,792.50
Swaziland Royal Insurance Corporation		45,920,000.00	45,920,000.00

Public Enterprise	Undisclosed Dividend Revenue (E)	Disclosed Dividend Revenue (E)	Total Dividend Revenue (E)
Macmillian Swaziland Ltd		6,750,000.00	6,750,000.00
Maloma Colliery		6,337,328.00	6,337,328.00
Africa Reinsurance Corporation		1,147,505.41	1,147,505.41
Royal Swaziland Sugar Association		14,192,728.00	14,192,728.00
AON Swaziland		1,016,480.00	1,016,480.00
Nedbank Swaziland Ltd		6,056,857.00	6,056,857.00
Total	5,600,000.00	114,778,342.21	120,378,342.21
Less dividends relating to the previous year 2015/2016 (NEDBANK Swaziland)			(6,056,857.00)
Dividends Received in the Year 2016/2017			114,321,485.21

It is also a serious concern that Central Bank Statements still do not show sources of funds, as part of referencing, to enable revenue officers in the Treasury Department to classify and analyse revenue into proper classes of treasury control items, without first having to abandon their work stations to make physical follow-ups at the Central Bank of Swaziland.

Further, there is also laxity on the part of revenue officers in making physical visits to the Central Bank to enquire about unknown sources of credit balances reflected in bank statements. Consequently, the volume of unreconciled items has substantially increased and created a notable backlog in bank reconciliations.

According to Financial and Accounting Instruction 0502 (d), it is the responsibility of revenue officers to check the classification of receipts and their analysis. Failure to classify, analyse and record the dividends collected has violated Financial and Accounting Instruction 0501 (i) which states that it is the duty of the Controlling Officer to ensure that all collections of revenue are properly brought to account.

68.1. Overstatement of Dividend Revenue

Further, I communicated to the Controlling Officer that dividends received in the accounting year 2015/2016, from NEDBANK Swaziland, amounting to E6, 056, 857.00, were disclosed in the Detailed Statement of Revenue for the year 2016/2017, under account number 351/2115/21944. This amount should have been disclosed in the accounts for the year 2015/2016 but was omitted in those financial accounts.

In my previous year's audit report I drew the attention of the Controlling Officer that the previous year's revenue was partly understated by this amount, as this amount was paid in the year 2015/2016 into the General Account held at the Central Bank of Swaziland. Thus, it was not supposed to be recognized in the revenue for the year 2016/2017.

The cash basis of accounting requires transactions and other events to be recognized only when cash or its equivalent is received or paid. Thus, disclosing the dividend payment in the accounts for 2016/2017 has an effect of overstating dividends revenue from a total of E114, 321,485.21 to E120, 378,342.21, and that is against the prudence concept of accounting. Therefore, there was no faithful representation of the effects of this transaction on the Detailed Statement of Revenue as this was not proper recognition criteria for the revenue.

I advised the Controlling Officer that the above problems can be mitigated by an interface between electronic Central Bank Statements and the Government Accounting System (Software AG Entire Connection 4.3.2). However, at the time of writing this report there was still no compatibility and integration between the Central Bank System and Government Accounting System.

In his memorandum referenced Fin 1/007/Vol.2, the Controlling Officer concurred with any observation and assured me that the Ministry was committed to ensure that all revenue received including dividends is accounted for and disclosed annually.

He further reported that the payment was made on the 29th March 2017 close to the year end. However, due to back log in capturing data of the Treasury Department, this payment was captured after June 2017, the cut-off date for capturing 2016/2017 transactions.

Regarding the dividend from Nedbank, he confirmed that the dividends of E6,056,857 related to the financial year 2015/2016 while dividends paid in 2016/2017 amounted to E6,882,792.

69. Audit of Unpaid Account Receivables

An audit inspection of the outstanding loans made from Revenue and Other Sources (Appendix 12) was carried out for the year ended 31 March 2017. A debtor's circularization letter was written to the Managing Director of Swaziland Development & Savings Bank referenced P31. Vol.1/25, dated 06 December 2017 and copied to the Controlling Officer, Ministry of Finance.

My observations were brought to the attention of the Controlling Officer in the same letter written to the Managing Director, highlighting the following issues: -

69.1. Outstanding Loan of E476, 027.31

I reported to the Managing Director and the Controlling Officer that the Swaziland Development & Savings Bank had outstanding loans amounting to E476, 027.31, as at

31 March 2017. The loans were repayable over a period of 25 years from the date they were granted.

However, a review of repayments in the Statements of Outstanding Loans Made from Revenue and Other Sources, in the years 2006 to 2017, shows that there has been no movement in the outstanding revenue, indicating that repayments were not done.

My concern is that Swazi Bank has not been paying the required instalments as stated in the agreement signed between the Government of Swaziland, Swazi Bank and the United Kingdom. Each loan had its own terms of repayment and effective date. The statement indicated that there were no repayments made as agreed with the bank.

The following table shows the different outstanding loans receivable from Swazi Bank, as reported in the Treasury Annual Accounts of the year 2016/2017.

Source	Authority	Rates	Date	Redemption Outstanding 04/1/2016 (E)	Lent During Yr	Paid During Yr	Outstanding 31/03/2017 (E)	Repayment Period
Exchequer Loan 1967/1971	Law No.2 of 1967	-	06/06/92	31,200.00	-	-	31,200.00	Repayment over 25 yrs W/E from 6/6/1968
UK/Swaziland Loan No. 1 of 1967	Act No.10 of 1968	-	19/10/92	176,000.00	-	-	176,000.00	Repayable over 25 yrs with effect from 19/10/68
UK/Swaziland loan No. 1 of 1968	Act No.10 of 1968	-	07/05/93	82,080.00	-	-	82,080.00	Repayable over 25 yrs w/e from 07/05/69
UK/Swaziland Loan No. 2 of 1968	Act No.15 of 1969	-	31/03/84	63,704.00	-	-	63,704.00	Repayable over 25 yrs w/e from 18/10/69
UK/ Swaziland Loan 1970/71	Act No.30 of 1970	-	15/02/96	110,370.00	-	-	110,370.00	Repayable over 25 yrs w/e from 15/2/78
Exchequer Loan 1967/1971	Law No. 1 of 1968	7%	07/07/91	12,673.31	-	-	12,673.31	Repayable over 22 yrs
TOTAL				476,027.31			476,027.31	

In his letter of response dated 28 December 2017, the Managing Director of Swazi Bank reported that the bank has failed to find documents and agreements relating to these loans, as they were very old, and with the change of systems and personnel, tracing them proved to be impossible. He further referred me to their correspondence between the Bank and the Ministry of Finance regarding this matter, which also did not bring any solution to this problem.

Nevertheless, there was no documentary evidence supporting the position of the bank's stand of not servicing the loan. In the absence of another agreement nullifying the previous one, the bank has no grounds to abandon the loans and it remains obligatory upon the Controlling Officer to ensure that revenue due to government is collected promptly in accordance with regulation 0501 of the Financial and Accounting Instructions of 1970.

Authority to devolve repayment of the loan to government was also not obtained.

According to Financial and Accounting Instructions of 1970, regulation 0403, authority for write offs should be sought from the Principal Secretary, the Ministry of Finance.

Further, there is no evidence that the government is repaying the loans to the lenders. The inactivity on repayment of the loans may attract penalties because of breach of contract.

HEAD: 35 TREASURY AND STORES

Objectives:

Government Accounting – To maintain Central Government Accounts and other records. Collection and accounting for revenue due to Government, including the operation of five District Revenue Offices.

70. Unsupported Transaction

An audit of the Financial Statement of Outstanding Revenue for the year ended 31st March 2017, was carried out and a memo referenced A2/2016/2017/60 dated 20th December 2017 was issued to the Accountant General.

I reported to the Accountant General that according to the statement of outstanding revenue, income amounting to E332, 535,660.00 was declared as recovered from Swaziland Revenue Authority (SRA) as at 31st March 2017. The recovered amount is partial repayment of accumulated outstanding revenue from the Revenue Authority, amounting to E3, 519, 802, 140.00, leaving a balance of E3, 187, 266, 480.00. My concern is that the recovered revenue did not have supporting documents from SRA which is responsible for collecting and reporting to the Ministry of Finance on taxes collected.

Financial and Accounting Instruction 0508 (v) states that full particulars of the purpose of the payment should be provided, and when the payment is made a receipt showing the name of the person by whom the payment is made should be issued in accordance with Financial and Accounting Instruction 0508 (ix).

In her response, the Accountant General reported that the statement of Outstanding Revenue the amount of E332,535,660 was declared as recovered by the Swaziland Revenue Authority as at 31 March 2017 which was a partial recovery from a reported outstanding amount of E2,165,480,690 as at 31 March 2016. A request was sent to SRA through a letter dated 7 August 2017 requesting for submission of documents as they are the custodian of these documents. However, they were unable to obtain the supporting documents.

She also reported that an error of overstatement amounting to E546,282,358.46 has been identified on the outstanding revenue balance for the year 2016/2017 where in Swaziland Revenue financial statement declared E2,640,984,121.54 against the reported amount of E3,187,266,480.00 in appendix 14.

71. Audit of Appendix 2 – Detailed Statement of Assets

An audit was carried out on the Treasury Annual Report and I communicated my findings through a memorandum, referenced A2/2016/2017/59 dated 19 December 2017, which was directed to the Accountant General. However, the Accountant General did not address my concerns.

The following findings have been communicated to the Accountant General.

71.1. Offsetting Assets and Liabilities

The Detailed Statement of Assets, for the fiscal year ended 31st March 2017, shows assets with credit balances. The statement has combined debit and credit balances under assets. Combining the debit and credit balances has resulted to offsetting assets and liabilities. The credit balances are no longer assets, instead they are liabilities and should be classified under the statement of liabilities. The following is a list of the assets with credit balances.

Detailed Statement of Assets as at 31 March 2017		
		(E)
Bank Accounts		
50101	General Account	-3,233,483,564.69
50105	South African Reserve Bank	-177.00
50106	Maputo Revenue Account	-144,794,977.58
50115	MOF Disbursements Salaries Account	-434,615,428.79
50116	MOF Disbursements Teachers account	-305,874,897.68
50117	Fuel Tax Special Account	-301,820,346.64
50118	SWD Government 7yr Bond Operating Acc	-860,000,000.00
50119	SWD Government 5yr Bond	-544,000,000.00
50122	SWD Government 3yr Bond	-434,000,000.00
50124	Strategic Oil Advance Account	-200,000,000.00
50125	Resettlement Advance Account	-23,000,000.00
50127	PAYE	-121,867,640.43
50129	10yr Bond Advance Account	-500,000,000.00
50130	Swaziland Government Suppliers bond Account	-304,500,000.00
		-7,407,957,032.81
Cash Accounts		
50202	Imprest Cash Accounts	-127,360,405.31
Employee Advances		
51002	Officer's Personal Account	-4,275,623.84

Detailed Statement of Assets as at 31 March 2017		
		(E)
51003	Salaries Advance	-53,821.04
51005	Surcharges	-467,851.12
51010	Teacher's Advances	-21,821.74
51013	T.F 146 Cheques issued net S.G.S. only	-8,000.00
51016	Comprehensive Insurance Loans	-185,894.69
51019	Staff Uniform	-134,521.63
		-5,147,534.06
Ministry and Departmental Advances		
51101	BTL (deposits)	-61,584.71
51153	Works & Transport	-493,786.34
		-555,371.05
Other Advances		
51201	South African Railway	-10,285.86
51204	Pensions	-6,750,000.00
		-6,059,624.37
Sundry Investments		
52104	Maize Levy Investment	-16,083.65
52115	CBS Unrealised Gains	-174,656,714.18
52134	Government Bond (African Alliance)	-17,223,466.90
52188	Community Poverty Reduction Fund	-9,103,926.48
52191	Spinap-AHF Investment	-2,184,420.00
52198	Teacher Education Component Investment	-3,750.25
		-203,188,361.46
Other Investments		
52202	Gwamile Voctim	-12,039,966.44
52203	Swaziland College of Technology Investments	-234,304.72
52206	Community Poverty Reduction Fund - Revolving Fund	-5,110,670.47
52207	Disaster Management Fund	-167,528.32
52210	Common Wealth Youth Programme	-1,846,370.14
52219	3 Year Bond Operating Account	-375,145.68
52221	Swaziland Govt Scholarship Account	-600.00
52231	KAZASTAN World Expo	-1,010,050.91
52245	SADC Mobilisation Account	-623,606.88
		-21,408,243.56
Treasury Bills / Bonds		
52405	7 Year Bond Operating Account	-9,548,910.28
52406	5 Year Bond Investment Account	-117,091,757.57

Detailed Statement of Assets as at 31 March 2017		
		(E)
		-126,640,667.85
Grand Total		-7,898,317,240.47

Risk:

Understatement of assets and liabilities by E7, 898,317,240.47 individually, which has resulted to a misstatement of the financial statements.

71.2. Misstatement of Bank Balances

Chapter 3 (paragraph 0303 – monthly statement and reconciliation) of the Financial and Accounting Instructions states that a monthly statement of each bank account will be obtained from the bank and will be reconciled with the relevant bank account. No reconciliation of the balances as per bank statements and the balance as per cash book (detailed statement of assets) has been performed to reconcile the differences between the Treasury Annual Statement and the bank statements obtained from the Central Bank. In the absence of a reconciliation statement, reliance has been placed on the amounts obtained from the third party (the bank statements from the Central Bank of Swaziland).

Some bank balances have been understated in the detailed statement of assets. The statement shows the balances as overdrawn while the bank statements obtained from the Central Bank of Swaziland show that the accounts were not overdrawn as at 31 March 2017. Other bank accounts have been overstated in the detailed statement of assets since it presents larger amounts than the amounts shown in the bank statements as at 31 March 2017.

71.2.1. Understated Bank Accounts

The total amount by which bank balances have been understated is E5,242,837,086.79 as shown in the following table.

Account number	Description	Bank account number	Amount as per bank statements (E)	Amount as per detailed statement of assets (E)	Difference (E)
	Bank Accounts				
50101	General Account	100016206501	5,004,055.36	-3,233,483,564.69	3,238,487,620.05
50105	South African Reserve Bank	95152393	1,802,887.22	-177.00	1,803,064.22
50114	Mof Disbursements General Account	100016206503	8,037,910.93	7,936,699.98	101,210.95
50115	Mof Disbursements Salaries Account	100016206568	17,674,061.88	-434,615,428.79	452,289,490.67
50116	Mof Disbursements Teachers Account	100016206569	0.00	-305,874,897.68	305,874,897.68
50117	Fuel Tax Special Account	100016206579	18,803.20	-301,820,346.64	301,839,149.84
50127	Paye	100016207002	92,430,772.40	-121,867,640.43	214,298,412.83
50130	Swaziland Government Suppliers Bond Account	100016207052	170,500,000.00	-304,500,000.00	475,000,000.00
	Sundry Investments				
52106	Specialist Care Medical Aid Fund	100016201625	10,713.12	10,578.29	134.83
52127	Water Relief Fund Investment	100016206518	869,394.24	779,084.52	90,309.72
52162	A D B Komati Downstream	100016206528	772,359.86	2,320.03	770,039.83
52188	Community Poverty Reduction Fund	100016206546	1,761,808.96	-9,103,926.48	10,865,735.44
52196	Environment Health Department Investment	100016206560	50,147.91	13,167.96	36,979.95

Account number	Description	Bank account number	Amount as per bank statements (E)	Amount as per detailed statement of assets (E)	Difference (E)
52198	Teacher Education Component Investment	100016206562	794.86	-3,750.25	4,545.11
	Other Investments				
52200	William Pitcher College Investment	100016206563	9,473,430.35	3,416,767.24	6,056,663.11
52202	Gwamile Voctim	100016206566	870,500.28	-12,039,966.44	12,910,466.72
52203	Swaziland College Of Technology Investments	100016206565	2,289,698.54	-234,304.72	2,524,003.26
52207	Disaster Management Fund	100016206549	0.00	-167,528.32	167,528.32
52210	Common Wealth Youth Programme	100016206577	1,024.69	-1,846,370.14	1,847,394.83
52217	Micro Project Health	100016207022	34,977,715.18	8,867,362.23	26,110,352.95
52221	Swaziland Govt Scholarship Account	100016207006	1,640,573.34	-600.00	1,641,173.34
52222	Sadp Earthdam Construction	100016207007	137,072.08	103,677.45	33,394.63
52239	Swd National Defence & Security Account	100016207035	1,245,724.61	242,940.00	1,002,784.61
52242	Swd Govt Regional Development Fund Project Account	100016207037	65,607,419.70	65,545,859.70	61,560.00
	Treasury Bills / Bonds				
52405	7 Year Bond Operating Account	100016206581	0.00	-9,548,910.28	9,548,910.28
52406	5 Year Bond Investment Account	10016206573	0.00	-117,091,757.57	117,091,757.57

Account number	Description	Bank account number	Amount as per bank statements (E)	Amount as per detailed statement of assets (E)	Difference (E)
52408	3 Year Bond Investment Account	100016206571	290,774,353.52	228,394,847.47	62,379,506.05
Total misstatements for bank balances which are understated					5,242,837,086.79

71.2.2. Overstated Bank Accounts

The total amount by which bank balances have been overstated is E2,285,935,191.93 as shown in the following table.

Account number	Description	Bank Account Number	Amount as per bank statements (E)	Amount as per detailed statement of assets (E)	Difference (E)
	Bank Accounts				
50102	Salaries Account	100016206502	30,721.08	452,376,072.71	452,345,351.63
50104	Teachers Account	100016206504	394,022.06	305,874,897.68	305,480,875.62
50112	Cashiers Account	100016206505	221,724.00	232,624.00	10,900.00
	Sundry Investments				
52102	Guardians Fund Investment	100016207016	163,475,796.13	198,778,307.44	35,302,511.31
52103	Fairview Township Fund	77019106513	72,590.23	73,841.33	1,251.10
52108	S.A Reserve Bank Investment	95152393	1,802,887.22	59,419,746.11	57,616,858.89
52112	Prison's Officers Reward Fund	9110003600664	3,552.26	2,107,800.69	2,104,248.43
52114	Ordinary Call Account	100016206512	3,944,160.83	31,472,830.66	27,528,669.83
52116	Ngwane Park Township	77019106610	187,381.43	191,645.91	-4,264.48

Account number	Description	Bank Account Number	Amount as per bank statements (E)	Amount as per detailed statement of assets (E)	Difference (E)
52124	Disaster Relief Fund	10016206513	29.64	3,812,280.05	3,812,250.41
52126	Chinese Grant Investments	100016206592	7,867,834.02	47,832,381.48	39,964,547.46
52129	Resettlement Fund Investment	100016206520	6,145,628.32	7,805,039.39	1,659,411.07
52132	Regional Development Fund	100016206523	2,530,036.59	11,429,418.72	8,899,382.13
52163	I C P Africa	100016206532	1,527.20	184,210.79	182,683.59
52166	Capital Investment Fund	101287206602&/3	920,383,643.69	1,134,271,052.50	213,887,408.81
52168	Special Revolving Fund Investment	100016206544	0.00	2,565,500.00	2,565,500.00
52169	Micro Project Administration Investment	100016206545	1,212,303.68	2,297,893.04	1,085,589.36
52174	Treasury Bills C.B.S. Investment	100016206527	96,236,083.80	853,533,257.87	757,297,174.07
52185	Tinkhundla Empowerment Investment	100016206542	4,455,391.69	5,126,956.06	671,564.37
52186	Child Welfare Investment	100016206538	7,004,033.88	12,665,834.30	5,661,800.42
52190	Ministry Of Economic Planning UNFPA Investment	100016206548	48,822.11	737,587.87	688,765.76
52194	Ministry Of Health And Social Welfare Investment	100016206558	4,379,058.01	5,024,453.15	645,395.14
	Other Investments				
52201	Ngwane Teacher Training College Investments	100016206564	13,660,640.83	16,454,275.52	2,793,634.69
52212	UNFPA Data And Research Investments	100016206587	13.90	76,259.44	76,245.54

Account number	Description	Bank Account Number	Amount as per bank statements (E)	Amount as per detailed statement of assets (E)	Difference (E)
52213	Swd Gov. Anti- Corruption And DPP Investment	100016207026	1,066,959.38	3,210,306.59	2,143,347.21
52223	Police Department Account	100016207008	10,230,239.78	10,447,103.81	216,864.03
52224	Swd Govt Crude Oil Collection	100016207010	23,220,843.44	23,221,043.44	200.00
52225	Swd Govt Information Society Tech Account	100016207011	78,557.27	84,157.27	5,600.00
52227	Swd Govt Statistical Capacity Building Account	100016207014	56,725.26	144,740.87	88,015.61
52228	Early Child Care Education Account	100016207015	187,970.82	647,095.17	459,124.35
52229	Swd Govt Diamond Account	100016207017	205,814.20	1,504,320.33	1,298,506.13
52237	Swd Govt Unicef Education & Training Account	100016207033	967,823.25	2,454,916.97	1,487,093.72
52271	Regional Intergration	100016207039	289,683.58	708,938.40	419,254.82
	Treasury Bills / Bonds				
52401	Treasury bills	100016206583	10,190,000.00	184,590,940.36	174,400,940.36
52409	3 Year Bond Operating Account	100016206570	0.00	185,138,490.55	185,138,490.55
Total misstatements for bank balances which are overstated					2,285,935,191.93

Risk:

Misstatement of the financial statements by E7,528,772,278.72 .

71.3. Detailed statement of assets does not tally with other statements

The detailed statement of assets summarises information from other statements. Closing balances of other statements are classified according to the type of asset in the detailed statements of assets. I have observed that some balances in the detailed statement of assets do not tally with the balances shown by the other statements (other appendices). This has resulted to inconsistencies in the information presented by the statements. The inconsistencies between the statements support that the financial statements are not presented fairly (are not free from misstatements).

Details of the differences between the statements are shown in the table below.

Appendix name	Balance as per the appendix (E)	Balance shown in appendix 2 (E)	Variance (E)
Resettlement fund (Appendix 37)	6,145,763.15	7,805,039.39	1,659,411.07
Statement of imprest outstanding (Appendix 13)	71,172.30	-127,360,405.31	127,431,577.61
Prison's Officers Reward Fund (Appendix 21)	3,552.26	2,107,800.69	2,104,248.43
Guardians Fund Investment (Appendix 23)	163,475,796.13	198,778,307.44	35,302,511.31
Disaster Relief Fund (Appendix 25)	29.64	3,812,280.05	3,812,250.41
Community Development Fund (Appendix 26)	77,478,553.69	58,311,553.05	19,167,000.64
Micro Project Administration Investment (Appendix 27)	238,344.81	2,297,893.04	2,059,548.23
Water Relief Fund (Appendix 30)	869,394.24	779,084.52	90,309.72
Tinkhundla Empowerment Fund (Appendix 32)	4,455,391.69	5,126,956.06	671,564.37
Capital Investment Fund (Appendix 34)	1,099,153,000.00	1,134,271,052.50	35,118,052.50
Farm Input Fund (Appendix 51)	3,831,927.50	3,826,042.50	5,885.00
Community Poverty Reduction Fund (Appendix 52)	1,761,808.96	-9,103,926.48	10,865,735.44
Total Variance			238,288,094.73

Risk:

Misstatement of the financial statements by E238,288,094.73 .

71.4. Missing supporting documents

The detailed statement of assets has balances as at 31 March 2017 which do not have supporting documents. Bank balances are to be supported with bank statements obtained from financial institutions and bank reconciliation statements prepared by the Accountant General. Balances for investments are to be supported with statements obtained from the financial service providers or the financial institutions where the funds have been invested. The following tables show the lists of bank balances and investment accounts which do not have supporting documents and the net total of unsupported balances amount to E3,938,820,366.08.

Account Number	Description	Amounts Per Financial Statements Submitted For Audit (E)
Bank Accounts		
50106	Maputo Revenue Account	-144,794,977.58
50118	SWD Government 7yr Bond Operating Account	-860,000,000.00
50119	SWD Government 5yr Bond	-544,000,000.00
50122	SWD Government 3yr Bond	-434,000,000.00
50124	Strategic Oil Advance Account	-200,000,000.00
50125	Resettlement Advance Account	-23,000,000.00
50129	10yr Bond Advance Account	-500,000,000.00
		-2,705,794,977.58
Sundry Investments		
52104	Maize Levy Investment	-16,083.65
52115	CBS Unrealised Gains	-174,656,714.18
52134	Government Bond (African Alliance)	-17,223,466.90
52191	Spinap-AHF Investment	-2,184,420.00
		-194,080,684.73
Other Investments		
52219	3 Year Bond Operating Account	-375,145.68
52231	KAZASTAN World Expo	-1,010,050.91
		-1,385,196.59
Total unsupported liabilities balances		-2,901,260,858.90

Account Number	Description	Amounts Per Financial Statements Submitted For Audit (E)
Bank Accounts		
50110	Embassy Bank Account	108,899,564.87

Account Number	Description	Amounts Per Financial Statements Submitted For Audit (E)
50111	Capital Fund Account	581,195,588.83
		690,095,153.70
Sundry Investments		
52101	Joint Consolidated Fund – Crown	30,730,530.97
52121	Old Mutual Income Plan	2,416.62
52123	S.G. Civil Servants Pension Fund	760.00
52131	Community Development Fund	58,311,553.05
52136	Marula Project Fund	4,948.60
52137	Recov. For Meridian Debtors	704,207.88
52141	Strategic Oil Reserve Investment	25,697,415.36
52160	Natal Building Society	8,235.18
52173	N.I.D.C.S. Beral Investment	1,142,251.97
52199	Government Share Holding	56,566,766.89
		173,169,086.52
Other Investments		
52235	Health HIV / AIDS & TB Component 3 Account	3,672,997.87
52254	Swaziland Government Supply Bond Account	170,500,000.00
52276	Electronic Document & Record Mngt System Dollar	23,564.31
52280	United Nations Population Fund Agency	85,400.78
52282	Swaziland Government Japanese Food Aid	13,304.00
		174,295,266.96
Total unsupported asset balances		1,037,559,507.18

Risk:

The lack of supporting documents has resulted to a limitation of the audit scope. Some planned audit procedures could not be performed in order to obtain sufficient appropriate audit evidence which would enable my office to express an opinion on the fair presentation of the detailed statement of assets.

In her response, the Accountant General concurred with my observations. However, she highlighted that the Micro Project – Regional Development Fund shown in the appendix is the one for administration and the balance agrees with the bank statement.

She further highlighted that the Strategic Oil Reserve Fund (Appendix 28) shows a balance of E180,688,766.31, which is the same as the bank statement and appendix 2. The balance of E25,697,415.36 in the reference sheet is for another

account – Strategic Oil Reserve Fund Investment with a different item (52141 and 62141).

The Accounted General did not provide a bank statement to support the E25,697,415.36 shown in the Strategic Oil Reserve Fund Investment, as a result this balance remained unsupported.

72. Detailed Statement of Liabilities

An examination was carried out on the Treasury Annual Accounts for the year ended 31st March 2017 and a memorandum referenced A2/2016/2017/48 dated 7th December 2017 was issued to Accountant General on the concerns raised below.

72.1. Liabilities Recorded As Positive Balances

I drew the attention of the Accountant General to debit balances instead of credit balances presented in the statement of liabilities. I reported to the Accountant General that when liabilities are presented as a positive figure, that implies recognition of an asset. It was noted that the Accountant General records increases in liabilities, revenue and capital account in the detailed statement of liabilities.

According to section 8.9 of the Financial Management and Accounting Procedures Manual, donor funds deposited with government should be credited in ledger accounts and credit balances remaining, at the termination of sponsorship, should be refunded to the donor. Further the Finance Management and Audit Act, as also confirmed by section 8.7 of the manual, states that any deposit which remains unclaimed for a period of 5 years should be credited to the Consolidated Fund.

I am concerned that the accounts may be distorted if the detailed statement of liabilities has debit balances, thus giving financial statements which may be misleading to stakeholders. It is the duty of accountants to record increases in assets, expenses and owner's drawings accounts on the debit side and to record increases in liabilities, revenue and owner's capital accounts on the credit side.

Further, a liability is a present obligation of an entity arising from past events. In the scenario stated above, there is no evidence that government has an obligation to make payments.

The table below provides accounts payables which show credit balances:

Treasury Control Item	Purpose of Grant or Loan	Amount (E)
60102	Solar School Lamp	2 099 760.00

Treasury Control Item	Purpose of Grant or Loan	Amount (E)
60102	Solar School Lamp	2 099 760.00
60105	Procurement Of I C U - Rural Clinic Equipment (RFM)	16 894 500.00
60106	Consultancy At Sikhuphe Airport	8 761 305.86
60107	Communications Project At Correctional Services	6 723 800.00
60108	Sikhuphe/Swd International Trade Fair	13 855 250.50
60109	Purchase Of Furniture For School Science Lab	9 830 366.59
60110	Purchase Of Heavy Plant Machinery	20 025 374.20
60112	Installation Of Solar Power Light System	17 707 509.72
60113	Purchase Of H/E Furniture For Primary School	3 067 513.40
60115	Purchase Of Furniture For Technical Subjects	3 877 537.92
60116	Purchase Of Learning Material Special Education	1 196 426.50
60117	Procurement Of Computers for Government Thru MEDP	2 737 294.95
60118	Effective Use Of Technology	4 203 250.00
60119	Purchase of Software for Swd. Govt. Thru MEDP	420 328.36
60120	Swd. Govt. Equipment Back Loader	699 180.22
60121	Rural Electrification Programme 111 (Taiwan)	127 286 280.00
60122	Swd. Govt. Computer Software Thru MEDP	403 096.19
60123	Health Equipment To Hospitals Clinics & Health Centres	12 041 910.11
60124	Purchase of Computers - For Govt. Ministries	5 575 172.00
60125	Infrastructure Development Lot 1 RSTP Projects	16 184 602.48
60126	Solar Photovoltaic for Buildings	16 535 599.57
60127	Purchase of Furniture Primary Schools	1 424 284.65
60128	Biotechnology Park Cert. 4 & 5	89 471 965.37
60129	Computer for Schools	4 890 420.25
60130	Water Supply to Schools vi	645 874.89
60132	SRA Document Management System	10 054 862.39
60134	Replacement of Transmission & Ancillary Equipment	270 806.08
60136	Comprehensive Fish Survey- MOAG (Taiwan Grant)	142 088.51
60137	Operation Equipment For CMAC	138 691.23
60140	Distance & continuing Education Programme	863 803.25
60141	Procurement of Water tanks for Schools	1 585 156.36
60142	Luyengo Sicunusa Road Upgrading Taiwan Grant	2 577 243.92
60147	Rural Settlement (Taiwan Grant)	18 441 159.91
60149	Rural Financial Review-MOAG (Taiwan Grant)	307 769.02
60151	Technical assistance to SWACAA	8 317 060.00
60154	I.B.R.D 3RD LOAN EDU PRO	904 301.19
60155	I.B.R.D. Loan No. 1058 Water Supply	309 868.38
60156	Computerization of custom data ii	5 045 532.25
60157	Replacement of Medical Equipment	229 757.25
60160	Procurement of Ambulances	1 332 696.88
60161	Computer for rural schools	7 151 848.02

Treasury Control Item	Purpose of Grant or Loan	Amount (E)
60162	Renovation of Bio-tech site office	1 765 720.00
60163	Purchase of Royal guard training equipment	2 161 593.00
60164	Establishment of Science and Technology park	27 534 410.97
60166	Bio-tech supervision	1 515 186.00
60167	Computerisation of income tax management	4 611 483.89
60169	Mobile Commerce solution	3 808 931.49
60175	Integrated enterprise system for criminal justice	4 089 750.00
60176	R.S.A. Nsoko-Lavumisa	14 405.57
60177	Implementation of the Diamond Act	1 635 900.00
60182	High School Equipment AID	2 458 240.00
60184	Computerisation of Trading Licences Management System	820 197.58
60185	Rural water supply ii (Taiwan - Grant)	36 007 560.35
60186	Mlawula Nature Reserve Upgrading (Taiwan)	1 249 647.40
60190	Swaziland national herbarium botanical garden	6 484 416.90
60193	Mnjoli dam (KFW) loan	4 430 751.69
60195	Recording & Security Equip. For High & Industrial	643 014.00
60198	King Sobhuza 11 Memorial Park	805 000.00
		544 267 457.21
CAPITAL FUND OTHER		
60245	National Maize Competition	454 251.35
60251	Donor Funds - Project & Trust Fund	99 798.56
60265	Training Grant For Computer Department By Comparex	775 081.40
60266	National Vegetable Competition (NAVECO)	212 085.10
60267	Unicef birth and death registration	172 500.71
60269	UNIFEM - Gender support programme Fund	65 638.80
60270	Commonwealth Fund For Technical co-operation	84 401.80
60277	Health Equipment	18 181 050.00
60281	UNEP - Climate Change National Communication	1 095 351.42
60282	Rev Fund Acc for Agricultural Input	23 819 859.36
60283	Computer and Laptop for Swaziland Government	569 168.22
60285	Surveillance System for all Palaces	2 793 674.83
		48 322 861.55
SPECIAL FUND SPECIFIED CONT		
60401	Cataloguing of ROC of Swd Co-operation	260 430.82
60402	Procurement of Scuba Diving Equip	108 469.22
60403	Correctional Services	5 096 500.00
60404	Swazi TV Purchase of Cameras	259 712.89
60405	Construction of VIP toilets in Rural Schools	384 488.70
60406	Setting up RSPS Computer Lab Library	4 625 381.16
60407	Rehabilitation of Gcina Barracks	3 818 631.00

Treasury Control Item	Purpose of Grant or Loan	Amount (E)
60409	Purchase of Royal Guard Military Band	1 230 660.00
60410	Ministry of Foreign Affairs Reception & Guest Room	3 402 909.99
60412	Donation (transportation of beds & mosquito nets)	1 434 645.00
60413	Purchase of IT Equip. & Accessories (Rote Corp)	4 621 948.74
60414	Indoor Music Instruments	614 725.80
60415	Security System- Ludzidzini Royal Resident	9 655 800.00
60416	Digital Orthophoto Mapping for Swd Surveyor General	2 543 233.60
60417	Procurement of Steel Bunk Beds	138 903.00
60418	Rehabilitation of Swd National Handicraft Centre	3 210 300.00
60419	Procurement of Furniture & training equipment	1 955 891.51
60420	Automated case management system for SWASA	688 436.00
60422	Procurement of Office Equip & internet to upgrade	685 938.99
60424	Procurement of (2) RV's for Fire & Emergency	281 493.53
60425	Procurement of Four (4) Ambulances for Fire & Emergency	278 448.49
60426	Procurement of Desktop computers & Laptops for Swd	2 341 092.81
60427	Construction of Computer Lab in Rural Schools	7 245 096.72
60429	Rural Electrification	34 760 473.44
60430	Diplomatic Directory Printing	1 839 195.71
60431	Installation of Solar Power Street Lighting	9 938 718.60
60432	Construction of Rural Solar Power Street Lighting	5 817 240.00
60433	Procurement of Computer & Printers for Rural Schools	3 800 601.70
60434	Security Surveillance System at Lozitha	5 730 251.11
60436	Support for Umhlanga Accident Victims	1 316 512.80
60438	Construction of Retirement Home for Elderly Person	152 841.50
60440	Computerisation of Tinkhundla Centres	4 351 898.84
60441	Rehabilitation of Codec - Phase 2	1 584 997.03
60442	Procurement of Equipment for Production of Diplomatic	3 457 873.00
60443	JA - Junior Achievers SWD Capacity	275 113.36
60448	Procurement of Equipment & Construction of Fish Hatchery	1 422 833.15
60450	Procurement of Uniforms for Royal Close Protection	766 590.32
60451	Procurement of Ceremonial Uniform for RSPS Indoor	301 280.04
60452	Procurement of Computer and Printers for Fire & Emergency	8 500.22
60453	Procurement of Office Equipment for the GOV of SWD	1 150 322.96
60455	Computerisation of Tinkhundla Centres	882 270.00
60460	Renovation and Expansion of Mpisi Pig Breeding Station	1 997 394.34
60461	Automation of Six (6) Immigration Service Centre	1 523 790.28
60466	Procurement of Equipment for the Military Police - V	89 948.21
		136 051 784.58

Treasury Control Item	Purpose of Grant or Loan	Amount (E)
ACCOUNTS PAYABLE		
61001/91	Accounts payable	944 480 275.61
SUNDRY DEPOSITS		
61101	Sundry Departmental Deposits	39 778 521.54
61104	Post Office Deposit For Building	24 559.30
61105	Companies One Month Wages Deposit	12 090.82
61106	E.D.E Customs Training Project	830.00
61107	Civil Registration Training Project	2 216.00
61108	Nyonyane Sisa Ranch N.N. Cattle	1 327 633.89
61110	Prisoner' Property Account	8 845.00
61113	Mineral Tax	2 320 602.88
61116	Pig Breeding Centre	8 980.00
61121	Gratuity, Dormant and Sundry Income	317 420 317.87
61128	National Handicraft Training Fees	2 124 627.17
61131	Examination Fees	760.00
61132	Maintenance of Students U.S.A.	239 565.00
61137	Microsoft Licences	381 465.86
61140	Export Meat Levy Deposit	1 550.00
61141	Import Oil Levy	78 201 992.06
61143	Microsoft Licences	6 169 543.99
61146	The Cooperative college	1 265 340.33
61153	Smart Partnership projects	1 188 093.09
61192	Garnish Orders	183 246.31
		450 660 781.11
CUSTOMS		
61201	Customs-Duty	5 386 478.93
61202	Customs-Duty Part 2B (Imported Goods)	1 634 698.64
61210	Excise Duty-Beer	127 869 128.98
61211	Excise Duty-Wine Fortified	1 179 852.21
61212	Excise Duty-Wine Sparkling	13 312 031.73
61225	Excise Duty-Petrol	115.27
61230	Excise Duty-Motor Vehicles	5 525.82
		149 387 831.58
SPECIAL FUND		
62102	Guardian Fund	91 591 663.09
62103	Fairview Township Fund	73 841.33
62107	UNFPA Data and Research Fund	76 259.44
62108	Defence Force Sports & Welfare Fund	4 885.64

Treasury Control Item	Purpose of Grant or Loan	Amount (E)
62110	Disabled Soldiers Fund	1 055 723.71
62111	Police Reward Fund	90 795.14
62112	Prison Officers' Reward Fund	2 527.41
62116	Ngwane Park Township	191 645.91
62117	Swaziland Local Government Project	506 290.50
62118	MOFAIC	20 779.35
62119	Micro Project SLGP	9 419 329.45
62120	Micro Project Education	15 072 171.46
62121	Disaster Relief Fund Project	9 159 349.37
62122	E.E.C. Food Aid Fund	293 359.52
62123	S.G. Civil Servants Pension Fund	777.00
62125	Sibhimbi Fund	1 101 064.95
62126	Chinese Grant Fund	48 377 671.35
62127	Water Relief Fund	779 084.52
62128	Ngwenya Village Properties	6 214 408.13
62131	Community Development Fund	59 277 228.92
62132	Regional Development Fund	9 656 650.25
62135	Deceased Fund	382 620.24
62136	Marula Project Fund	4 948.60
62137	Recov. For Meridian Bank Debtors	704 207.88
62139	Institutional Support Road	214 219.45
62141	Strategic Oil Reserve Investment	25 521 048.56
62144	Swd Gov. Anti-Corruption Fund	3 000 000.00
62145	Micro Project Health	31 354 411.67
62147	Swd Govt Farm Inputs Account	3 826 042.50
62149	SADP Earthdam Construction Account	113 967.45
62153	Road Toll Fund	12 704 170.30
62154	U.S. Aid Wheat Proceeds	83 120.68
62155	Grain Management Training Project	2 216.56
62156	Capital Investment Facility	1 130 110 008.00
62157	Strategic Oil Reserve Fund	180 688 766.31
62160	Tinkhundla Empowerment fund	4 610 820.34
62161	Child Welfare	13 170 959.84
62163	I C P Africa	185 793.16
62164	Swd Gov. Anti-Corruption and DPP Fund	3 210 306.59
62165	Swd Gov. Anti-Corruption Fund	847 527.56
62166	Police Department Account	10 989 470.57
62168	Audit of Capital Programme	1 305 508.00
62169	Disaster Management Fund	2 976 726.88
62171	Pepfar	1 268 412.87
62174	Treasury Bills Investment	523 433 257.87

Treasury Control Item	Purpose of Grant or Loan	Amount (E)
62176	Japanese Aid Investment	20 766 704.84
62177	Resettlement Fund Investment	6 145 763.15
62182	Ministry of Economic Planning- Funding UNFPA Invest	767 549.91
62184	World Vision Fund	818 715.26
62185	Incarcerated Juveniles Account	2 246.00
62186	Ministry of Health and Social Welfare - Funding	5 024 253.15
62187	Education – EMIS	343.60
62188	Environment Health Department – Funding	13 167.96
62191	William Pitcher College – Funding	1 403 214.04
62192	Ngwane Teacher Training College – Funding	16 454 275.52
62195	ADB Grant – Nercha	8 491 873.00
62196	NESPAD/SANBIO Mushroom Grant	55 225.09
62198	Swaziland Government Special Deal	1 210 000.00
		226 482 369.84

ACCRUED LIABILITIES AND DEDUCTIONS

62200	SWAPA Subscription	83 200.00
62201	Contract Gratuities	4 829.72
62204	SNAT Teacher's Centre	73 063.00
62207	Motraco 400 K V Line	17 271 095.00
62214	SNACS Savings & Credit Co-op Society	1 051 152.15
62215	Encyclopaedia Britannica Deductions	40 177.24
62216	Staff Council for Govt Employees Deductions	408.09
62217	Gugudza savings & credit co-operative society	11 511.66
62218	National Fire Death Benefit Fund	120.00
62222	Police Sports & Welfare Fund	617 011.77
62223	Prison Industries	634 887.04
62231	Parliamentarians' Subscriptions	3 208.00
62234	Growth Trust Corporation- Deduction	8 123.34
62235	Swazimed Contributions	251 736.20
62238	Select Brokers (SWD)	16 426 228.97
62239	Bulembu Mine LTD (T.S.C. Rentals)	3 180.00
62240	National Provident Fund Deductions	522 731.98
62244	Imphilo Clinic Health Care	63 992.50
62247	Kuthula Kwetfu Bereavement Association	382.90
62248	Enterprise Trust Fund	2 626 057.70
62253	Members of Parliament Funeral Scheme	14 800.00
62259	Dups Insurance Agencies	81 414.00
62274	Micro Provident Swaziland PTY LTD	3 176 521.68
62276	Real Amandla Financial Services PTY LTD	120 461.67

Treasury Control Item	Purpose of Grant or Loan	Amount (E)
62282	B3 Insurance Brokers Pty LTD	14 391.00
62283	Vikela Legal Insurance	4 455.00
62285	Ligugu Investments Pty LTD	7 646.00
62291	Pension Fund Repayments	6 921 052.22
62295	Metropolitan Life Swaziland Ltd	1 615.00
		50 035 453.83
RESERVES		
62302	Plant and Vehicle Renewals Fund	803 624 021.31
62303	P F M Swaziland Investment	3 243.00
62315	SRA Taxation	19 788 794.05
62322	SWD Govt Manzini - Mbadlane Loan Account	2 140 358.23
62323	SWD Govt Manzini - Mbadlane Grant Account	3 311 874.33
62327	Tax Item Deducted from House Rentals	0.46
62329	Pig Industry Enhancement Account	828 108.12
62330	Sipheko Account	63 575.00
62331	Electronic Document Record Management Account	23 564.31
62334	Swaziland Government Road Safety Account	161 893.20
62335	IFMIS Project Government Contribution Account	23 083 613.76
62337	Swaziland Government Supply Bond Account	170 500 000.00
62339	Swaziland Local Government Project Dollar Acc	11 285 643.73
62354	Regional Integration Implementa Suppo Program Doll	708 938.40
62361	National Handicraft Training centre (NHTC)	657 302.84
62363	United Nation Population Fund Agency	85 400.78
62364	Co-operative Development Centre (CODEC)	828 055.29
62365	Swaziland Government Maize Food Aid	13 304.00
		1 037 107 690.81
TREASURY BILLS		
62401	Treasury Bills	254 590 940.36
62402	Treasury Bills General	621 272 248.13
62404	7 Year Bond Investment Account	200 000 000.00
62408	3 Year Bond Investment Account	228 394 847.47
62409	3 Year Bond Operating Account	185 138 490.55
		1 489 396 526.51
GOVERNMENT STOCK		
62501	Reserves – CBS	1 308 368 520.15
62502	Government Bond (African Alliance)	236 777 919.52
		1 545 146 439.67

Treasury Control Item	Purpose of Grant or Loan	Amount (E)
SPECIAL FUND CONT,		
62601	Swd Govt Crude Oil Collection Account	23 221 043.44
62602	Swd Govt Society Tech. Account	78 557.27
62603	Mining and Rehabilitation Account	1 107 258.59
62604	Swd Govt Statistical Capacity Building Account	269 587.56
62605	Early Child Care Education Account	647 095.17
62606	Swd Govt Diamond Account	1 504 320.33
62607	Swd Govt Physically Challenged Account	5 000 000.00
		31 827 862.36
TRADING ACCOUNT SUNDRY		
70201	Exchange Adjustment Account	525 775 931.29
70202	Sidwashini Self Help Housing	340.00
70206	Picture Post Cards	12 993.00
70207	Commerative Coinage	100.00
70210	Matsapha Industrial Area	13 873 326.61
70212	Maize Seed	214 444.13
70216	Exchange Adjustment I.M.F.	4 609 714.99
70219	Manyonyane Beef Ranch	3 866 994.50
70220	Tractor Hire Pool	17 858 875.63
70224	Primary and Secondary Book Fund	4 963 064.15
70228	Statute Revision	863 533.70
70230	Pig Industry Enhancement Project	342 800.00
		572 382 118.00

In her response referenced 022/001/AQ, dated 02 February 2018, the Accountant General concurred with my observations. She agreed that account balances are

shown as credits in the Treasury Accounting System (TAS), because they represent liabilities, and that credit entries in the TAS are reflected as minus (-). However, for presentation purposes these credit entries are reflected without a minus sign in Appendix-3 which then makes them look positive.

Further she expounded that Treasury does not put a sign denoting a credit when a subject tells itself that it is a liability unless the expenditure is ineligible for the donor to cover, hence representing an over expenditure (Dr balance in the account).

She also agreed with the principle that the positive balances denote a debit balance in the statement as per the understanding reflected in the audit query. She stated that Treasury has been following this convention of presentation hence financial statements are comparable across financial years.

However, I disagree that the Treasury Annual Accounts are comparable across financial years as the use of the positive and debit balances is not consistently applied in the same statement for the same balances. For instance, the solar school lamp liability of E 2,099,760 under item 60102 has been inconsistently presented across several financial years as both debit and credit balances, thus sending contradictory messages to users of the Government Financial Statements. The same balance in 2011 was reported as a debit balance, in 2012 it was reported as a credit balance, in 2013 it was also reported as a credit balance, in 2014 it was reported as debit balance, in 2015 it was reported as a credit balance, in 2016 it was reported as debit balance and in 2017 it was also reported as a debit balance.

72.2. Non Movement of Liabilities

I also reported to the Accountant General that there was non-movement of balances in liabilities, which means that approved programs were not being executed and repayments of liabilities were not done. The balances have remained the same in the previous statement of 2015/2016 and in the current statement, portraying that there were no payments made by Government during the 2016/2017 year.

Government's failure to meet her obligations may result in unnecessary legal suites and suppliers may be discouraged and eventually not render service to government.

The table below shows liabilities that have remained unchanged:

Item Code	Account Name	2015/16	2016/17
60102	Solar School Lamp	2,099,760.00	2,099,760.00
60103	Equipment for portable water schemes	-127,61800	-127,61800

Item Code	Account Name	2015/16	2016/17
60104	Equipment for state security	-20,726.96	-20,726.96
60105	Procurement of ICU	1,689,4500.00	1,689,4500.00
60106	Consultancy at Sikhuphe	8,761,305.86	8,761,305.86
60107	Communications Project at Correctional	6,723,800.00	6,723,800.00
60108	Sikhuphe/Swd International Trade Fair	13,855,250.50	13,855,250.50
60110	Purchase of heavy plant machinery	20,025,374.20	20,025,374.20
60111	Procurement of medical equip	-2,541,333.26	-2,541,333.26
60112	Installation of power light system	17,707,509.72	17,707,509.72
60113	Purchase of HE furniture	3,067,513.40	3,067,513.40
60114	New International Airport	-21,912,000.00	-21,912,000.00
60115	Purchase of Furniture for technical subjects	3,877,537.92	3,877,537.92
60116	Purchase of learning special education	1,196,426.50	1,196,426.50
60117	Procurement of computers for MEDP	2,737,294.95	2,737,294.95
60118	Effective use of technology	4,203,250.00	4,203,250.00
60119	Purchase of software for MEDP	420,328.36	420,328.36
60120	Swd Govt equipment back loader	699,180.22	699,180.22
60121	Rural electrification programme 111 Taiwan	127,286,280.00	127,286,280.00
60122	SWD GOVT computer software thru MEDP	403,096.19	403,096.19
60123	Health Equipment to hospitals	14,093,180.26	14,093,180.26
60124	Purchase of computers	5,575,172.00	5,575,172.00
60125	Infrastructure development for RSTP	16,184,602.48	16,184,602.48
60126	Solar photov	16,535,599.57	16,535,599.57
16127	Purchase of furniture for primary schools	1,424,284.65	1,424,284.65
60129	Computer schools	4,890,420.25	4,890,420.25
60130	Water supply	645,874.89	645,874.89
60131	Rural water supply	-37,945,861.96	-37,945,861.96
60132	SRA document MS	10,054,862.39	10,054,862.39
60133	Mining policy	-3,372,997.46	-3,372,997.46
60134	Replacement of transmission equipment	270,806.08	270,806.08
60135	Capital investment Fund	-20,993,267.88	-20,993,267.88
60136	Comprehensive fish survey MOAG	142,088.51	142,088.51
60137	Operation Equipment for CMAC	138,691.23	138,691.23
60138	Purchase of clinical equipment for correctional	-90,000.00	-90,000.00
60139	Rehab for rice production	-92,863.18	-92,863.18
60141	Procurement of water tanks	1,585,156.36	1,585,156.36
60142	Luyengo Sicunusa road upgrading	2,577,243.92	2,577,243.92
60143	National elections	-759,732.04	-759,732.04
60145	Expansion of Matsapha Dry Port(Taiwan grant)	-939,858.44	-939,858.44
60146	EDF Miscellaneous grants	-1,267,693.60	-1,267,693.60
60147	Rural Settlement (Taiwan Grant)	18,441,159.91	18,441,159.91
60148	Upgrading of Malolotja	-4,897,652.07	-4,897,652.07

Item Code	Account Name	2015/16	2016/17
60149	Rural financial review MOAG	307,769.02	307,769.02
60150	Lower Usuthu Project	-32,365,000.00	-32,365,000.00
60151	Technical assistance SWAACA	8,317,060.00	8,317,060.00
60152	IFAD small holders Agric.	-3,167,932.68	-3,167,932.68
60153	Replacement of drilling rigs	-3,025,901.00	-3,025,901.00
60154	IBRD 3 rd Loan EDU PRO	904,301.19	904,301.19
60155	IBRD Loan no 1058	309,868.38	309,868.38
60156	Computerisation of Customs Data	5,045,532.25	5,045,532.25
60157	Replacement of med. Equip.	229,757.25	229,757.25
60158	Training centre	-1,961,927.20	-1,961,927.20
60159	Review of mining legislation	-1,280,876.00	-1,280,876.00
60160	Procurement of ambulances	1,332,696.88	1,332,696.88
60161	Computer for rural schools	7,151,848.02	7,151,848.02
60162	Renovation of Bio-tech site office	1,765,720.00	1,765,720.00
60163	Purchase of Royal guard Training equip	2,161,593.00	2,161,593.00
60164	Establishment of Science & Tech park	27,534,410.97	27,534,410.97
60165	Farmers business	-43,400,000.00	-43,400,000.00
60166	Bio-tech supervision	1,151,186.00	1,151,186.00
60167	Computerisation of Income Tax Mngt	4,611,483.89	4,611,483.89
60168	Pre-voc Educational facilities	-363,727.00	-363,727.00
60169	Mobile commerce solution	3,808,931.49	3,808,931.49
60170	Provision of hospital equipment	-775,243.00	-775,243.00
60173	Micro-project small scale (Japanese grant)	-19,906,800.00	-19,906,800.00
60174	Health services Dev.CS/SWZ/H/012	-200.00	-200.00
60175	Intergrated enterprise system for criminal justice	4,089,750.00	4,089,750.00
60176	R.S.A Nsoko-Lavumisa	14,405.57	14,405.57
60177	Implementation of Diamond Act	1,635,900.00	1,635,900.00
60178	Mliba –Mafutseni Road	-453,845.54	-453,845.54
60179	Farm Machinery	-504,027.87	-504,027.87
60180	Meteorological Equipmentt Matsapha-Sikhuphe	-153,262.47	-153,262.47
60181	Poverty Alleviation Study (World Bank)	-85,965.34	-85,965.34
60182	High School Equipment	2,458,240.00	2,458,240.00
60183	Testing & Chemistry Lab (Taiwan)	-3,570,846.99	-3,570,846.99
60184	Computerisation of Trading Licences Mgt System	820,197.58	820,197.58
60185	Rural Water supply Taiwan	36,007,560.35	36,007,560.35
60186	Mlawula Nature Reserve Upgrading	1,249,647.40	1,249,647.40
60187	Komati Basin Project	-17,819,000.00	-17,819,000.00
60190	Swaziland national herbarium botanical garden	6,484,416.90	6,484,416.90
60191	E.D.F. Manzini-Mbabane Road Section 111	-990,200.07	-990,200.07
60192	A.D.B. Maphiveni Bridge	-5,209,649.58	-5,209,649.58
60193	Mnjoli dam (KFW) loan	4,430,751.69	4,430,751.69

Item Code	Account Name	2015/16	2016/17
60194	Micro project small scale	-2,093,000.00	-2,093,000.00
60195	Recording & Security Equip. For High & Industrial	643,014.00	643,014.00
60196	A.B.D. loan Manzini Mbabane road	-500,000.00	-500,000.00
60197	A.D.B. Loan Institutional Support Roads Branch	-2,488,742.62	-2,488,742.62
60198	King Sobhuza 11 Memorial Park	805,000.00	805,000.00
	<u>Capital Fund Other</u>		
60253	U.N.I.C.E.F. Rural Water	-2,421,770.16	-2,421,770.16
60265	Training Grant For Computer Dept By Comparex	775,081.40	775,081.40
60267	Unicef birth abd death registration	172,500.71	172,500.71
60269	UNIFEM - Gender support programme Fund	65,638.80	65,638.80
60270	Commonwealth Fund For Technical co-operation	84,401.80	84,401.80
60272	U.N.F.P.A(United nations fund for population dev	-22,182.95	-22,182.95
	<u>Capital Fund Specified Cont.</u>		
60401	Cataloguing of ROC of Swd Co-operation	260,430.82	260,430.82
60402	Procurement of Scuba Diving Equip	108,469.22	108,469.22
60403	Correctional Services	5,096,500.00	5,096,500.00
60404	Swazi TV Purchase of Cameras	259,712.89	259,712.89
60405	Construction of VIP toilets in Rural Schools	384,488.70	384,488.70
60406	Setting up RSPS Computer Lab Library	4,625,381.16	4,625,381.16
60408	Computerization of Central Motor Registry	-948,900.00	-948,900.00
60409	Purchase of Royal Guard Millitary Band	1,230,660.00	1,230,660.00
60410	Ministry of Foreign Affairs Reception, Guest Room	3,402,909.99	3,402,909.99
60411	Procurement of Digital Colour Printing & Production	-6,793,308.18	-6,793,308.18
60412	Donation (transportation of beds & mosquito nets)	1,434,645.00	1,434,645.00
60413	Purchase of IT Equip. & Accessories (Rote Corp	4,621,948.74	4,621,948.74
60414	Indoor Music Instruments	614,725.80	614,725.80
60415	Security System- Ludzidzini Royal Resident	9,655,800.00	9,655,800.00
60417	Procurement of Steel Bunk Beds	138,903.00	138,903.00
60418	Rehabilitation of Swd National Handicraft Centre	3,210,300.00	3,210,300.00
60420	Automated case management system for SWASA	688,436.00	688,436.00
60421	Construction of School Computer Labs	-2,068,800.00	-2,068,800.00
60422	Procurement of Office Equip & internet upgrade	685,938.99	685,938.99
60424	Procurement of (2) RV's for Fire & Emergency	281,493.53	281,493.53
60425	Procurement of Four (4) Ambulances for Fire	278,448.49	278,448.49
60426	Procurement of computers & Laptops for Swd	2,341,092.81	2,341,092.81
	<u>Sundry Deposits</u>		

Item Code	Account Name	2015/16	2016/17
61104	Post Office Deposit For Building	24,559.30	24,559.30
61105	Companies One Month Wages Deposit	12,090.82	12,090.82
61109	Mlindzini Primary school	-600.00	-600.00
61116	Pig Breeding Centre	8,980.00	8,980.00
61119	Small and Medium Enterprise Unit (Donations)	-1,119.58	-1,119.58
61120	Urea Mollasses Mineral Blocks	-52,743.98	-52,743.98
61131	Examination Fees	760.00	760.00
61132	Maintenance of Students U.S.A.	239,565.00	239,565.00
61135	Supply of Diaries	-1,962,311.62	-1,962,311.62
61137	Microsoft Licences	381,465.86	381,465.86
61140	Export Meat Levy Deposit	1,550.00	1,550.00
61141	Import Oil Levy	78,201,992.06	78,201,992.06
61153	Smart Partnership projects	1,188,093.09	1,188,093.09
61170	UNEP Grant To S. E. A.	-13,805.07	-13,805.07
	<u>Special Fund</u>		
62108	Defence Force Sports & Welfare Fund	4,885.64	4,885.64
62122	E.E.C. Food Aid Fund	293,359.52	293,359.52
62123	S.G. Civil Servants Pension Fund	777.00	777.00
62126	Chinese Grant Fund	48,377,671.35	48,377,671.35
62130	CBS Unrealised Gains	-981,058.18	-981,058.18
62134	Interest 230M Government Bond	-10,517.80	-10,517.80
62136	Marula Project Fund	4,948.60	4,948.60
62137	Recov. For Meridian Bank Debtors	704,207.88	704,207.88
62144	Swd Gov. Anti-Corruption Fund	3,000,000.00	3,000,000.00
62153	Road Toll Fund	12,705,270.85	12,705,270.85
62154	U.S. Aid Wheat Proceeds	83,120.68	83,120.68
62155	Grain Management Training Project	2,216.56	2,216.56
62162	A D B Komati Downstream	-619,929.21	-619,929.21
62163	I C P Africa	182,683.59	182,683.59
62167	Job Creation Summit	16,635.00	16,635.00
62168	Audit of Capital Programme	1,305,508.00	1,305,508.00
62175	SADC I.C.M. Meeting	-131,943.52	-131,943.52
62196	NESPAD/SANBIO Mushroom Grant	55,225.09	55,225.09
	<u>Accrued Liabilities and Deductions</u>		
62201	Contract Gratuities	4,689.72	4,689.72
62207	Motraco 400 K V Line	17,271,095.00	17,271,095.00
62211	Ingcamu Savings & Credit Society	-80,991.61	-80,991.61
62216	Staff Council for Govt Employees Deductions	408.09	408.09

Item Code	Account Name	2015/16	2016/17
62217	Gugudza savings & credit co-operative society	11,511.66	11,511.66
62218	National Fire Death Benefit Fund	120.00	120.00
62222	Police Sports & Welfare Fund	617,011.77	617,011.77
62231	Parliamentarians' Subscriptions	3,208.00	3,208.00
62234	Growth Trust Corporation- Deduction	8,123.34	8,123.34
62237	Swaziland Nurses Association	-66,534.49	-66,534.49
62238	Select Brokers (SWD)	16,426,228.97	16,426,228.97
62239	Bulembu Mine LTD (T.S.C. Rentals)	3,180.00	3,180.00
62244	Imphilo Clinic Health Care	63,992.50	63,992.50
62247	Kuthula Kwetfu Bereavement Association	382.90	382.90
62248	Enterprise Trust Fund	2,626,057.70	2,626,057.70
62253	Members of Parliament Funeral Scheme	14,800.00	14,800.00
62254	SNAGAP Savings & Credit Co-operatives	-19,799.82	-19,799.82
62255	SNAGAP Members Subscription	-44,595.02	-44,595.02
62256	Insurance Loan Repayment	-4,193,367.60	-4,193,367.60
62259	Dups Insurance Agencies	81,414.00	81,414.00
62265	House Loan in Process	-873.33	-873.33
62266	SNAGAP Burial Scheme	-6,638.67	-6,638.67
62273	Bunye/Buhle Betfu Short Term Loans	-18,109.12	-18,109.12
62274	Micro Provident Swaziland PTY LTD	3,176,521.68	3,176,521.68
62275	Old Mutual Group Scheme	-5,216,883.21	-5,216,883.21
62276	Real Amandla Financial Services PTY LTD	120,461.67	120,461.67
62282	B3 Insurance Brokers Pty LTD	14,391.00	14,391.00
62283	Vikela Legal Insurance	4,455.00	4,455.00
62285	Ligugu Investments Pty LTD	7,646.00	7,646.00
62287	Active Micro Lenders	-22,834.32	-22,834.32
62288	Swazi Bank Personal loans	-6,981,512.89	-6,981,512.89
62289	Market Financial International Pty Ltd	-2,739.00	-2,739.00
62291	Pension Fund Repayments	6,921,052.22	6,921,052.22
62293	Aloe Funds Swaziland Pty LTD	-1,950.00	-1,950.00
62294	Blue Financial Services Pty Ltd	-3,841.73	-3,841.73
62295	Metropolitan Life Swaziland Ltd	1,615.00	1,615.00
62297	Fintrust Ltd	-45,692.60	-45,692.60
62298	Hlalawati Burial Scheme	-258,339.93	-258,339.93
	<u>Reserves</u>		
62300	Buhle Bemcebo Investments Pty Ltd	-8,736.90	-8,736.90
62303	P F M Swaziland Investment	3,243.00	3,243.00
62304	Vuna Lokutjalile Holdings	-23,322.39	-23,322.39
	<u>Treasury Bills</u>		

Item Code	Account Name	2015/16	2016/17
62401	Treasury Bills	254,590,940.36	254,590,940.36
	<u>Trading Account Sundry</u>		
70206	Picture Post Cards	12,993.00	12,993.00
70207	Commerative Coinage	100.00	100.00
70212	Maize Seed	214,444.13	214,444.13
70216	Exchange Adjustment I.M.F.	4,609,714.99	4,609,714.99
70218	Poultry Extension Account	-1,037,930.45	-1,037,930.45
70221	Protea Pigg's Peak Hotel	-2,855,000.00	-2,855,000.00
70223	Health Sector Study	-456,289.17	-456,289.17
70225	Swd International Trade Fair	-7,150,966.98	-7,150,966.98

In her response the Accountant General concurred with my observation and explained that most of the liabilities relate to projects that had been long finalised hence remained static over time which reflects the fact that the accounts may not be operational anymore. She also stated that these accounts balances were under reconciliation process and would reflect a true position in due course.

72.3. New Transactions Appearing On the Statement

It has also been observed that the statement has new transactions which did not appear in the previous statement (2015/2016), meaning that government has committed herself to new obligations. However, I was not furnished with supporting documents in respect of the new transactions.

The transactions are shown in the following tables:

CAPITAL FUND OTHER		
60282	Rev Fund Acc for Agricultural Input	23 819 859.36
60283	Computer and Laptop for Swaziland Government	569 168.22
60284	Dialysis Machine for Mankayane	(313 500.00)
60285	Surveillance System for all Palaces	2 793 674.83
60286	Fish Hatcher Equipment	(543 818.09)
CAPITAL FUND SPECIFIED CONT'		
60458	Procurement of Communication system Equip,Promotion Intern	(97 688.02)
60460	Renovation and Expansion of Mpisi Pig Breeding Station	1 997 394.34
60461	Automation of Six (6) Immigration Service Centre	1 523 790.28
60465	SADC Summit	(9 522 509.70)
60466	Procurement of Equipment for the Military Police - V	89 948.21
60467	Procurement of Ambulance and Motuary Vehicle For	(340 003.34)

60469	Procurement of Solid Waste Management Plant	(12 700 000.00)
60470	Extension of Mananga Boarder Post	(30 000 000.00)
SPECIAL FUND		
62148	Swaziland Govt Scholarship Collection Account	(600.00)
62149	SADP Earthdam Construction Account	113 967.45
62166	Police Department Account	10 989 470.57
62171	Pepfar	1 268 412.87
62172	Commonwealth Youth Program	(2 090 879.26)
62184	World Vision Fund	818 715.26
62185	Incarcerated Juveniles Account	2 246.00
62187	Education – EMIS	343.60
RESERVES		
62322	SWD Govt Manzini - Mbadlane Loan Account	2 140 358.23
62323	SWD Govt Manzini - Mbadlane Grant Account	3 311 874.33
62327	Tax Item Deducted from House Rentals	0.46
62328	SADC Mobilization Account	-623 606.88
62329	Pig Industry Enhancement Account	828 108.12
62330	Sipheko Account	63 575.00
62331	Electronic Document Record Management Account	23 564.31
62334	Swaziland Government Road Safety Account	161 893.20
62335	IFMIS Project Government Contribution Account	23 083 613.76
62337	Swaziland Government Supply Bond Account	170 500 000.00
62339	Swaziland Local Government Project Dollar Acc	11 285 643.73
62354	Regional Intergration Implementa Suppo Program Doll	708 938.40
62361	National Handicraft Training centre (NHTC)	657 302.84
62362	Commonwealth Judges	-1 000.00
62363	United Nation Population Fund Agency	85 400.78
62364	Co-operative Development Centre (CODEC)	828 055.29
TREASURY BILLS		
62406	5 Year Bond Investment Account	-117 071 188.02
62408	3 Year Bond Investment Account	228 394 847.47
62409	3 Year Bond Operating Account	185 138 490.55
SPECIAL FUND CONT.		
62603	Mining and Rehabilitation Account	1 107 258.59
62607	Swd Govt Physically Challenged Account	5 000 000.00
62608	Kazakhstan World Expo 2017 Account	(1 010 050.91)
62700	Swd Govt United Nations Environment Account	350 074.03
62701	Unicef Child Protection Account	167 523.20
62702	Health HIV/AIDS and TB Component 3 Account	3 678 597.87

62703	Swd Govt Registration & Vital Statistics Account	208 618.93
62706	Swd National Defence and Security Account	242 940.00

In the response the Accountant General highlighted that transactions reported under Capital Fund Other and Capital Fund Specified Cont....’, have their reporting items created in the financial year 2016/2017 except for Item 60282 – Rev Fund Account for Agricultural Input which was reported in the year 2015/2016 in Appendix 9 because it was a grant.

She further reported that more information on the donor funding was being sourced from the Ministry of Economic Planning and Development.

She also stated that some Special Fund and reserves transactions were not new. However, they were omitted in Appendix 2 – Detail Statement of Assets in the financial year 2015/2016 as reported in the Audit Report. Some were misclassified transactions which were duly corrected during the reconciliation process.

73. Non- Submission of Financial Statements for Audit

An audit of the Annual Treasury Financial Statements for the financial year ended 31 March 2017 was conducted and a management memorandum dated 4th December 2017 and referenced A2/2016/2017/44 was issued to the Accountant General, Treasury Department. The following matter was however not resolved.

In my memorandum, I alerted the controlling officer that funds amounting to E21,731,000.00 which were transferred from the Ministry of Economic Planning’s Budget to the Micro-Projects Coordination Unit’s Administration Account were not reported on. This account has never been reported on despite that it has been operational for years. As a result, I was unable to audit the account which limited the scope of my audit on overall government accounts and hence the ability to give assurance that the funds transferred were used for the intended purposes, economically spent and that value for money was achieved, was impaired.

I am concerned that other accounts may have also been omitted from the Accountant General’s 2016/2017 report. It is a serious concern that the Auditor General has on yearly basis, discovered different “new” accounts which had previously not been reported upon by the Accountant General. The Accountant General is expected to be knowledgeable about all Government Accounts and to report on all of them. As stipulated in section 201(xiii), it is the duty of the Accountant General to render the annual account for audit and to prepare financial statements in order to account fully for the financial activities of the Government.

Therefore, the financial activities of the government were not fully accounted for.

The Accountant General responded as per her memorandum ref. 022/001/AR dated 29th December, 2017. She concurred with my observations and reported that non-submission of the financial statement had been an oversight.

HEAD: 40 LABOUR AND SOCIAL SECURITY

Objectives:

Labour Regulations - To create, maintain and improve an environment for sustainable development through decent work and to promote social protection and social justice.

74. Unauthorized Over Expenditure on Recurrent Vote

Over expenditures beyond the budget provision and beyond amounts that have been appropriated by Parliament are illegal and clearly violate the Appropriation Act as well as Financial and Accounting instruction 0202 (ii).

Notwithstanding the stipulation of the above stated laws, the Controlling Officer spent public funds that were not budgeted for and such expenditure was not authorized by Parliament. The over expenditure was as follows:

Head	Item	Released Budget (E)	Actual/Committed Expenditure (E)	Over Expenditure (E)	Over Expenditure (%)
40	CTA Vehicle Charges	3,961,438	5,046,232.41	1,084,794.41	27.4

The Controlling Officer did not furnish me with any authority that allowed disbursement of public funds beyond the budget provision and the Appropriation Act of 2017.

HEAD: 41 PUBLIC SERVICE

Objectives:

To meet the staffing requirements of Government and administer the terms and conditions of service in the public service

75. Unauthorized Over Expenditure on Recurrent Vote

Over expenditures beyond the budget provision and beyond amounts that have been appropriated by Parliament are illegal and clearly violate the Appropriation Act as well as Financial and Accounting instruction 0202 (ii).

Notwithstanding the stipulation of the above stated laws, the Controlling Officer spent public funds that were not budgeted for and such expenditure was not authorized by Parliament. The over expenditure was as follows:

Head	Item	Released Budget (E)	Actual/Committed Expenditure (E)	Over Expenditure (E)	Over Expenditure (%)
41	Grants and Subsidies – External	10,860,129	17,000,953.11	6,149,824.11	56.5

The Controlling Officer did not furnish me with any authority that allowed disbursement of public funds beyond the budget provision and the Appropriation Act of 2017.

HEAD: 43 INFORMATION, COMMUNICATION AND TECHNOLOGY

Objectives:

To ensure adequate provision of information and the development of ICT related policy and regulations

76. Audit of Unpaid Account Receivables

An audit inspection of outstanding loans made from Revenue and Other Sources (Appendix 12) was carried out for the year ended 31 March 2017. I issued a debtors' circularisation letter to the Managing Director of Swaziland Post and Telecommunications Corporation (SPTC) referenced P31. Vol.24, dated 06 December 2017, and copied to the Controlling Officer, Ministry of Information, Communication and Technology.

My observations were brought to the attention of the Controlling Officer in the same letter written to the Managing Director, highlighting the following issues: -

76.1. Outstanding Loan of E2, 588,775.31

I reported to the Managing Director and the Controlling Officer that the Swaziland Post and Telecommunications Corporation (SPTC) had an outstanding Danish loan amounting to E2, 588,775.31, as at 31 March 2017. The loan was granted on the 1 January 2001 and is payable over a period of 25 years, at an interest rate of 8% per annum. It is expected to be paid in full, by December 2025.

It was noted that SPTC did not pay the required instalment as stated in the Terms of Repayment agreement signed between the Government of Swaziland, SPTC and the lender. According to the repayment terms, SPTC is expected to pay two instalments per year, that is very after 6 months' period.

In his letter dated 28 December 2017, the Managing Director of SPTC, confirmed the outstanding SPTC Danish loan, to the Director, Public Enterprises Unit, but denied that the Swaziland Post and Telecommunications Corporation, had an obligation to repay the outstanding loan to Government. He stated that the loan formed part of loans that were taken over by the Government of Swaziland on behalf of SPTC, in 2008/2009.

Nevertheless, there was no evidence produced by the Managing Director to support his assertion. I am concerned that the public enterprise and the ministry ceded the loan to the Government without parliamentary authority.

As a result, the public enterprise has not been making repayments of the loan to government. The same balance outstanding in the year 2015/2016 remained unchanged in the outstanding loans made from Revenue and Other Sources for year 2016/2017, indicating non repayment of the principal loan and the interest of 8%.

Even if the government, as surety, would be repaying the loan to the lender on behalf of the public enterprise, the payment by the Government does not absolve the public enterprise of its obligation to pay back its loan to the Government. Further, there is no evidence that the government is repaying the loan to the lender.

Continued failure to provide documentary evidence that the SPTC was absolved of its obligation to repay the loan, could result in Government paying huge late payment charges, due to breach of contract.

According to Financial and Accounting Instructions of 1970, paragraph 0403, before any writes-off can be made, the Controlling Officer should have sought prior authority from the Principal Secretary for the Ministry of Finance. However, there is no evidence of any authority from Cabinet or the Ministry of Finance to that effect.

In response ferenced ICT/16/8/3, dated 31st January 2018, the Controlling Officer attached a letter from SPTC Managing Director, dated 26th January 2018, stating that, in 2008, the Government of Swaziland took over all outstanding loans for SPTC totolling E197 million. He stated that this was meant to enable SPTC to capitalize itself without the burden of existing loans. The Danish loan was amongst those loans that Government took over on behalf of SPTC.

In my evaluation, the information provided was not complete evidence of loans that were included in the E197 million loans, purported to be have taken over by the Government of Swaziland. A breakdown of the total amount ceded by the Government was not provided to substantiate the Controlling Officer's response.

77. Unauthorized Over Expenditure on Recurrent Vote

Over expenditures beyond the budget provision and beyond amounts that have been appropriated by Parliament are illegal and clearly violate the Appropriation Act as well as Financial and Accounting instruction 0202 (ii).

Notwithstanding the stipulation of the above stated laws, the Controlling Officer spent public funds that were not budgeted for and such expenditure was not authorized by Parliament. The over expenditure was as follows:

Head	Item	Released Budget (E)	Actual/Committed Expenditure (E)	Over Expenditure (E)	Over Expenditure (%)
43	CTA Vehicle Charges	6,079,549	7,217,498.87	1,163,349.87	19

The Controlling Officer did not furnish me with any authority that allowed disbursement of public funds beyond the budget provision and the Appropriation Act of 2017.

78. Under Expenditure on Project G55799-Development of a Document Management System

Under expenditures are as serious as over expenditures in that if funds are locked up and not utilized it retards the development and economic growth of a country.

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

An amount of E6,771,000.00 was approved and released for the implementation of the above-mentioned project. However, actual expenditure amounted to E5,944,778.89, resulting to an under expenditure of (E6,771,000.00 – 5,944,778.89) E828,221.11 (12.2%)

Project Name	Approved Estimate	Funds released	Actual expenditure	Variance
G55799 Development of a Document Management System	6,771,000.00	6,771,000.00	5,944,778.89	828,221.11

The Controlling Officer is expected to explain these savings and further update me on the current status of the project

79. None utilization of Project Funds - M34270 Construction of Information Technology (IT) Park at Phocweni

Capital Projects are destined to improve the country’s economic growth through the development of its communities. Funds for the implementation of this project were approved and released, however they were not utilized.

Project Name	Approved estimate	Revised provision	Funds released	Actual expenditure
M34270 Construction of Information Technology(IT) Park at Phocweni	7 200 000.00	7 200 000.00	4 725 000.00	-

None utilization of Project funds retards the development and economic growth of the country.

The Controlling Officer is expected to explain and give reasons for the non-implementation of the project.

The Controlling Officer concurred with my findings. He explained that this is a partly donor funded project. The unutilized funds are from the donor funds. As per request from donors funds are not directly deposited to government instead the donors pay directly to the suppliers/contractors.

HEAD: 44 ELECTIONS AND BOUNDARIES COMMISSION

Objectives:

To promote public confidence in the conduct and management of electoral process.

80. Use of Cell Phones in Excess of the Stipulated Limits

An audit inspection on the usage of cell phones was carried out at the Elections and Boundaries Commission (EBC) and an inspection report referenced E24, Vol. I/46, dated 31 October 2017 was issued to the Controlling Officer.

The attention of the Head of Secretariat was drawn to the usage of cell phones in excess of the given limit without proper authorization. The Commission failed to adhere to the Finance Circular No. 2 of 2013 and the Establishment Circular No. 2 of 2010 which sets limits for cell phone usage. However, the following irregularities have not been addressed.

An expenditure amounting to E33, 366.84 was incurred in excess of the annual stipulated limits, for the use of cell phone by Two (2) Commissioners and a Legal Advisor in the office of the Elections and Boundaries Commission, for the year ended 31 March 2017. A total of E30, 950.41 was incurred by the two Commissioners in violation of the above circular and the Legal Advisor also exceeded the limit on his Cell phone usage by E2, 416.43 in the year ended 2016/17.

In terms of Finance Circular number 2 of 2013, regulating benefits given to Commissioners and Politicians, the use of cell phone, during the course of duty, should not exceed E1, 000.00 for each calendar month whilst the total limit per annum is E12, 000.00. Thus, Commissioners are not expected to use cell phones in excess of their annual limit.

In the case of the Legal Advisor, authority to use the mobile telephone whilst on official duty was granted by the Principal Secretary in the Ministry of Public Service, through a Memorandum Referenced OS.61/5 and dated the 7th February 2013, in line with Establishment Circular number 2 of 2010, section 111 (a) v. This circular states that officers on grade E4 should not use cell phones in excess of E1, 500.00 per calendar month, which translates to E18, 000.00 per annum.

Use of cell phones above the set limits implies that the Controlling Officer used public moneys which were intended for other purposes to finance cell phone expenses, without parliamentary authority in the form of the Appropriation Act or Supplementary Appropriation Act and Treasury Warrants. It also means that the excess charge was not classified in accordance with the details of the Commission's approved Estimates and the expenditure was not charged within the ambit of the cellular phone budgetary item.

Financial and Accounting Instruction number 0202 (ii) states that Controlling Officers should ensure that no amount is spent in excess of the amounts specified in the Treasury Warrants whereas instruction 0202 (iii) states that public moneys should be spent only for the purpose for which they were authorised.

The irregular payments made were as follows:

80.1.

Cell No. 76063550

Month	Circular Limit (E)	Amount Paid (E)	Excess (E)
April	1,000.00	3,799.89	2,799.89
May	1,000.00	3,099.46	2,099.46
June	1,000.00	1,000.00	0.00
July	1,000.00	1,376.20	376.20
August	1,000.00	2,107.87	1,107.87
September	1,000.00	1,372.46	372.46
October	1,000.00	1,696.49	696.49
November	1,000.00	1,369.30	369.30
December	1,000.00	1,854.94	854.94
January	1,000.00	1,432.73	432.73
February	1,000.00	2,212.63	1,212.63
March	1,000.00	1,369.04	369.04
Total	12,000.00	22,691.01	10,691.01

Cell No. 76063552

Month	Circular Limit (E)	Amount Paid (E)	Excess (E)
April	1,000.00	4,239.18	3,239.18
May	1,000.00	1,368.00	368.00
June	1,000.00	1,549.47	549.47
July	1,000.00	1,858.06	858.06
August	1,000.00	2,457.25	1,457.25
September	1,000.00	2,714.87	1,714.87
October	1,000.00	1,616.31	616.31
November	1,000.00	1,487.78	487.78
Total	8,000.00	17,290.92	20,259.40

80.2.

Cell No. 76063556

Month	Circular limit (E)	Amount Paid (E)	Excess (E)
April	1,500.00	1,941.43	441.43
May	1,500.00	1,812.81	312.81
June	1,500.00	790.84	(709.16)
July	1,500.00	1,941.42	441.42
August	1,500.00	1,337.43	(162.57)
September	1,500.00	1,452.07	(47.93)
October	1,500.00	1,671.13	171.13
November	1,500.00	1,941.42	441.42
December	1,500.00	1,941.42	441.42
January	1,500.00	1,707.09	207.09
February	1,500.00	2,004.72	504.72
March	1,500.00	1,874.65	374.65
Total	18,000.00	20,416.43	2,416.43

In a memorandum referenced EBC/102, dated 25th January 2018, the Controlling Officer informed me that deductions of overpayments began in January 2018 in respect of the two Commissioners and deductions in respect of the Legal Officer would commence in February, 2018.

The Controlling Officer is commended for the prompt action, however, it remains reportable that public funds were not spent for the purpose for which they were authorized. Thus, violating Financial Regulation 0202(iii) of the Financial and Accounting Instructions of 1970, which states that the Controlling Officer should ensure that public funds are spent only for the purpose for which they are authorized.

81. Unauthorized Over Expenditure on Recurrent Vote

Over expenditures beyond the budget provision and beyond amounts that have been appropriated by Parliament are illegal and clearly violate the Appropriation Act as well as Financial and Accounting instruction 0202 (ii).

Notwithstanding the stipulation of the above stated laws, the Controlling Officer spent public funds that were not budgeted for and such expenditure was not authorized by Parliament. The over expenditure was as follows:

Head	Item	Released Budget (E)	Actual/Committed Expenditure (E)	Over Expenditure (E)	Over Expenditure (%)
44	CTA Vehicle Charges	1,537,921	2,903,557.31	1,365,636.31	88.8

The Controlling Officer did not furnish me with any authority that allowed disbursement of public funds beyond the budget provision and the Appropriation Act of 2017.

HEAD: 45 HEALTH

Objectives:

Health Improvement - To improve and preserve the state of health of the citizens of Swaziland.

82. Unauthorized Over Expenditure on Recurrent Vote

Over expenditures beyond the budget provision and beyond amounts that have been appropriated by Parliament are illegal and clearly violate the Appropriation Act as well as Financial and Accounting instruction 0202 (ii).

Notwithstanding the stipulation of the above stated laws, the Controlling Officer spent public funds that were not budgeted for and such expenditure was not authorized by Parliament. The over expenditure was as follows:

Head	Item	Released Budget (E)	Actual/Committed Expenditure (E)	Over Expenditure (E)	Over Expenditure (%)
45	CTA Vehicle Charges	27,938,976	77,378,850.63	49,782,074.63	178.2

The Controlling Officer did not furnish me with any authority that allowed disbursement of public funds beyond the budget provision and the Appropriation Act of 2017.

HEAD: 46 JUSTICE AND CONSTITUTIONAL AFFAIRS

Objectives:

Administration of Justice through the various courts; the drafting of new legislation and amendments to existing laws.

83. Audit Inspection- Statutes Revision

An audit inspection was conducted at the Ministry of Justice and Constitutional Affairs for the year ended 31 March 2017, and an inspection report referenced J4 Vol. VIII/8 dated 03 May 2017 was issued pointing out the following irregularities which were not addressed.

83.1. Stores not recorded in the Stores Ledger.

The Ministry of Justice and Constitutional Affairs, through the Attorney General's office purchases and sells Statutes and Swaziland law reports to the public without maintaining the records showing the movement of the items. There was no track record of both received and issued items.

In my report, quoted above, I expressed my concern about Statutes and Law Reports amounting to E787, 510.00 that were not recorded in the appropriate stores records. In a response referenced JUS 143 B dated 14 June 2017, the Controlling Officer stated that there was no Stores person responsible for stores in the Ministry. The Ministry was not able to secure a post of Store man, despite numerous requests directed to the Ministry of Public Service. A remedial action was to utilize the services of an Assistant Legal Officer to receive and issue the stores. However, in this arrangement there was no segregation of duties and stores were not recorded in the appropriate records.

In the same response the Controlling Officer indicated that she did not foresee any risks because issues of the statutes and the law reports, to buyers, are made once official treasury receipts are produced by the buyers. In my view this control is not enough.

I am therefore concerned that lack of segregation of duties and proper recording of purchases and sales of stores, may provide an opportunity for occupational fraud to take place unnoticed. This means that if records of statutes and law reports received from the suppliers and records of those issued to buyers, are not maintained, there is a risk that unauthorized sales may occur without any trace.

A fraud triangle model explains that trusted people may commit occupational fraud if there is pressure, opportunity and rationalization. Thus, recording purchases and the sales of the statutes and reports strengthens internal controls and minimizes an opportunity to commit fraud, in a control environment.

According to paragraphs 0604 and 605 of the Stores Regulations Part 1 of 1975, a ledger should be maintained to show the quantities, the unit of issue, the issue prices and the total value of balances of each item in stock. It further requires Tally Cards to be maintained for each item of stores held in stock. Failure to maintain the appropriate records makes it difficult to ascertain the stocks received, issued and balances remaining over a period of time, and losses could not be easily noticed and traced.

In the same report I highlighted to the Controlling Officer that the officer assigned to manage the stores confirmed that she did not have knowledge of what was expected of her and was working without any close supervision.

Paragraph 103 (4) of the Stores Regulations compels Heads of Departments to ensure that an efficient system of administration and control of stores exists within their Ministries and Departments, and that all those officers with stores are fully conversant with these regulations.

The table below shows the unrecorded stock found in the stores.

Description	Unit	Unit price (E)	Amount (E)
Statutes Issue 2	8	6,400.00	51,200.00
Statutes Issue 3	8	920.00	7,360.00
Statutes Issue 5 (unbound)	43	1,800.00	77,400.00
Statutes Issue 6	26	1,500.00	39,000.00
Swaziland Law Reports 1970 – 1976	128	250.00	32,000.00
Swaziland Law Reports 1977 – 1978	257	200.00	51,400.00
Swaziland Law Reports 1979 – 1981	154	250.00	38,500.00
Swaziland law Reports Vol. I 1982 – 1986	278	350.00	97,300.00
Swaziland law Reports Vol. II 1982 – 1986	169	650.00	109,850.00
Swaziland law Reports Vol. I 1987 – 1995	105	2,700.00	283,500.00
Total			787,510.00

At the time of compiling this report I had not been made aware of any corrective action taken even though the Controlling Officer was aware of the anomaly. Hence the opening stock for 2016/17 was understated by E787, 510.00.

83.2. Unauthorized Deletion of Obsolete Stores

A stock of stores of statutes and Swaziland Law reports amounting to E135, 960.00 was removed from 2015/16 annual financial statement (appendix 48) without a certificate or report from the Stock Verifier. This had an effect in the opening and closing balances for 2016/17, showing an understatement of E135, 960.00. This transaction should have been supported by the Stock Verifier's report, approved by the Accountant General as stipulated in Paragraph 1004 of the Stores Regulations Part

1 of 1975. The quoted Regulations, state that, the Accountant General should consider the Stock Verifier's report together with observations made by the head of Department and indicate the action to be taken on the report after approving, namely; write-off, method of destruction or disposal. The Ministry concerned should then prepare a voucher to Treasury attaching a copy of the Stock Verifier's report.

Paragraph 403 (iv) and (v) of the Financial and Accounting Instructions of 1970 state that authority should be sought from the Principal Secretary Ministry of Finance before any write-off of losses, deficiencies and losses due to other causes in the stores are written-off and deleted as obsolete stores. None of the above conditions were availed to me when conducting the audit.

If obsolescence of stores is not independently verified by a Stock verifier, an opportunity for unauthorized sales and loss of revenue may occur without any trace.

Below is the analysis of obsolete statutes found in the storeroom but deleted from previous the year's financial statement:

Item	Qty	Unit Cost (E)	Total Cost (E)
Statutes Issue 2	8	6, 400.00	51,200.00
Statutes Issue 3	8	920.00	7, 360.00
Statutes Issue 5 (Unbound)	43	1, 800.00	77, 400.00
Total			135, 960.00

The Controlling Officer's response, referenced JUS 143 B dated 14 June 2017, stated that the Ministry undertakes to implement remedial action to the finding. Her request for the provision for the post of Store man will be revived and further request a substitution on a temporary basis against the post of the Senior Accountant who was suspended two years ago.

At the time of submission of the Treasury Annual Statements 2016/2017 for auditing by Accountant General, the Ministry had not implemented as promised. Hence the Statement of Statutes Revision (Appendix 48) issued by the Ministry of Justice and Constitutional affairs to Treasury Department was understated by E135, 960.00.

In a response referenced JUS/3/1/5/2, dated 14th December, 2017, the Controlling Officer concurred with my findings and promised to provide a lasting solution to these administrative challenges, in order to fully comply with Stores Regulations and Financial Accounting Instructions. The Controlling Officer further stated that corrective actions were contingent on the availability of resources and approval from other departments, which is not within the Ministry's control. The response given does not address the reported problems, hence the issues remain reportable as the condition remains unchanged.

84. Invalid Overtime Claims

An audit inspection was carried out at the Ministry of Justice and Constitutional Affairs for the year ended 31 March 2017 and a report referenced J4 Vol. VIII/13 dated 16 November 2017 was issued to the Controlling Officer.

A Memorandum Referenced Jus/ Conf.2 dated 15 December 2010, was issued by the Controlling Officer, Ministry of Justice and Constitutional Affairs to the Registrar of the Supreme Court, sanctioning the proceeding of court sessions on weekends.

This necessitated that officers who assist in courts should claim overtime in accordance with Cabinet Approval, referenced CO/CC 12/5 dated 15 December 2010 and an Addendum to the Establishment Circular No. 8 of 2010, referenced MSD 543 Vol. X, and dated 27 October 2015. This authority states that restriction of overtime allowances should not apply to Magistrates and all Judicial Officers who assist them in their duties.

Initially, Establishment circular number 8 of 2010 restricted payments of overtime to public servants, but on exceptional circumstances allowed payments of overtime, after Cabinet approval.

The Controlling officer's attention was drawn to the payment of overtime to officers that were either on vacation leave or sick leave, and that consequently, invalid overtime claims amounting to E 12,646.80 were paid out to two (2) Legal Secretaries, an Accountant and a Junior Clerical Officer.

The officers had signed their leave forms, as applicants, and their leave forms had been approved by the Warrant Holder and Head of Department. There was no documentary evidence availed to me, during the audit, to prove that the officers had been recalled from vacation leave or sick leave. The document would provide detailed reasons and justifications for the necessity of the overtime and that the work had been supervised.

On the contrary, the signature of the Warrant Holder on the payment voucher gives the impression that the invalid overtime payments were accurate.

The table below provides information on officers who claimed overtime whilst on leave:

Employment no.	Post	Leave Type	Claim dates	Hours claimed	Ratio	Hourly Rate	Amount (E)
4801834	Legal Secretary	Sick	21.05.16	12	1.5	60.68	1,060.92
		Vacational	18.03.17	11	1.5		1,001.22
			19.03.17	8	2		970.88
			20.03.17	6	1.5		546.12
			21.03.17	6	1.5		546.12
			25.03.17	9	1.5		819.18
			26.03.17	9	2		1,092.24
			27.03.17	5	1.5		455.10
			Total				
3618833	Legal Secretary	Vacational	28.01.17	9	1.5	55.33	749.65
			29.01.17	9	2		999.54
			04.02.17	9	1.5		749.65
			05.02.17	9	2		999.54
			Total				
3293966	Assistant Accountant I	Sick	28.01.17	8	1.5	66.84	802.56
			29.01.17	8	2		1,070.08
			Total				
300216707	Junior Clerical Officer	Vacational	18.03.17	8	1.5	28	336.00
			19.03.17	8	2		448.00
			Total				
Grand Total							12,646.80

It was also noted with concern that there were officers who were supporting the Judiciary during the week that were not considered for the weekend assignments. Surprisingly officers on vacation leave or sick leave were purported to have come to work on weekends, that is, on Saturdays and Sundays.

Further, it is unusual to recall officers from vacation leave to work during the weekend if other employees that are not on vacation leave are available to perform the same duties. It is also irregular to recall sick people to perform duties, against a medical doctor's certificate.

Financial and Accounting Instruction number 0906 (i) states that no payment will be made for Saturdays and Sundays unless the employee is required to work on these days in which case a certificate, as to the necessity for the work must be embodied in the voucher.

Further, according to Financial and Accounting instruction number 0802 (i) and 0802 (ii), the signature of an officer, on any voucher involving expenditure, certifies to the accuracy of every detail on the voucher and the person who signs will be held responsible that the services specified have been duly performed. However, an incorrect payment was made by the authorising officer.

In a memorandum referenced J4 Vol. VIII/13, dated 16 November 2017, the Controlling Officer concurred with my findings and stated that the Ministry was faced with an acute shortage of staff in all departments of the Ministry. However, new posts were granted but had not been filled to address the shortages in the staff compliment.

The Controlling Officer also promised that the Ministry would avoid this anomaly in future.

In a memorandum referenced JUS3/1/5/2, dated 28th December 2017, the Controlling Officer acknowledged the findings and assured me that such anomalies would be avoided in future, and all Heads of Departments had been engaged and advised to practise corporate governance principles, when recalling officers from leave.

However, this response does not address my concern that officers who were on sick leave and vacation leave were recalled to work on weekends whilst officers, who were neither sick nor on leave, were available for the same duty. Normally a sick person may not be productive at work, and this justifies why doctors grant patients sick leave.

85. Unauthorized Over Expenditure on Recurrent Vote

Over expenditures beyond the budget provision and beyond amounts that have been appropriated by Parliament are illegal and clearly violate the Appropriation Act as well as Financial and Accounting instruction 0202 (ii).

Notwithstanding the stipulation of the above stated laws, the Controlling Officer spent public funds that were not budgeted for and such expenditure was not authorized by Parliament. The over expenditure was as follows:

Head	Item	Released Budget (E)	Actual/Committed Expenditure (E)	Over Expenditure (E)	Over Expenditure (%)
46	CTA Vehicle Charges	6,620,221	10,199,384.29	3,630,469.29	54.8
46	Personnel Costs	31,180,213	39,836,279.95	8,656,066.95	27.8

The Controlling Officer did not furnish me with any authority that allowed disbursement of public funds beyond the budget provision and the Appropriation Act of 2017.

86. Audit of the Guardian Fund (Appendix 23)

An audit inspection of the Guardian Fund (Appendix 23) was carried out in the Ministry of Justice and Constitutional Affairs. The Guardian Fund is a special account which was established to deposit all monies paid to the Master of the High Court under the provision of any law or in pursuance of an order of court or accepted by the Master in trust for any person or persons unknown.

My observations were brought to the attention of the Controlling Officer in my memorandum referenced J. Vol/VIII/14 dated 29 December, 2017. On examination of the Fund, I pointed out the following issues to the Principal Secretary but no satisfactory explanations were received from the Ministry.

86.1. Overstated Expenditure due to Uncollected Cheques

I reported that cheques amounting to E834, 812.13 were not collected and distributed to the respective beneficiaries of the Guardian Fund, as inheritance, until they became stale. The cheques were drawn from an audit sample of disbursements made in the year 2016/2017. I drew to the attention of the Controlling Officer that these cheques had existed for a period of over 12 months and had become stale, without being replaced within a reasonable period of time.

Below is a sample of such cheques and their impact on government accounts:

DATE	VOUCHER	CHEUQUE	PAYEE	AMOUNT (E)
01/08/2016	040543	389 706	Nobuhle Vilakati	80, 845.29
09/11/2016	070582	421 607	Gcinaphi Masilela	25, 991.80
22/12/2016	090563	450 736	Tenele Mahlobo	27, 892.23
22/12/2016	090651	450 734	Thembi A.Mahlobo	27, 892 .33

DATE	VOUCHER	CHEUQUE	PAYEE	AMOUNT (E)
14/12/2016	090652	450 735	Zandile A.Mahlobo	27, 982.33
27/03/2017	100657	638 863	S.A.N.U	6,388.63
23/03/2017	120507	474 761	Patience Motsa	9,000.00
21/03/2017	120513	476 909	Mzimnene High School	5,229.00
21/03/2017	020541	499 111	Mhlatane High School	9,782.00
21/03/2017	021021	499 792	Matsetsa High School	5,414.00
13/07/2016	121127	359 951	Bhunya High	8,550.00
27/03/2017	640709	389 380	Lomkhosi Shongwe	16,260.93
04/05/2016	121090	479 599	Castile High	6,427.89
04/05/2016	0210671	362 016	Flora Dlamini	6,000.00
03/06/206	210 681	362 017	Hlloniphile Magagula	6,000.00
21/06/2016	210681	370 295	Phindile Mabuza	11,754.00
22/06/2016	020879	380 351	Mosetsa Nomotho	26,579.83
22/06/2016	020989	380 444	Gcinaphi Dlamini	56,579.25
12/08/2016	030 707	38 1100	Lovely Dlamini	34,772.82
03/11/2016	050621	399 271	Phumuza Mndzebele	72,101.27
18/08/2016	070814	426615	Daniel M.Zwane	17,935.35
31/10/2016	50568	400413	Boy Maseko	36,122.21
19/09/2016	070747	426234	Emly Mhlanga	23,003.06
20/09/16	0606481	411784	Gugu Dlamini	8,000.00
20/09/2016	021067	496666	Bakangwane Dlamini	52,393.20
26/05/2016	0020858	369990	Ndzimandze Thandi	10,809.77
03/03/2017	0110519	466482	Fikile Fakudze	55,155.45
03/03/2017	00121174	487340	Mpendulo Mavimbela	44,446.79
01/09/16	050809	404808	Fana S.Dlamini	15,000.00
10/09/16	060654	414560	Mbongeni Dlamini	21,629.09
24/03/2017	050668	415449	Manetta Percz Dlamini	10,484.00
24/03 2017	08749	442484	Zakhele Dluclu	26,259.09
25/09/2016	100580	461274	Dorica Dlamini	13,854.00
15/03/2017	121128	479461	Sindisiwe Dlamini	16,276.62
15/03/2017	050581	414 352	Nxumalo Khanyisile	12,000.00
TOTAL				834,812.13

Despite that the names of the beneficiaries were known, individual files had contact numbers of the beneficiaries, and that their cheques were issued, there was no reason given why the cheques were not collected and why the beneficiaries were not notified that their cheques had been issued. Furthermore, there was also no evidence that the Ministry acted to ensure that the cheques reached the rightful payees in time.

Paragraph 0307 of the Financial and Accounting Instructions of 1970, states that Swaziland Government cheques are valid for a period of 60 days, which was increased to 90 days, from the date of issue, and thereafter become stale. Accordingly, the stale

Government cheques should have been forwarded to the Accountant General, ensuring that replacement cheques are issued.

This has had an impact on financial reporting of expenditures in the Government accounts, as these transactions were captured into the Government Accounting System, which produced the cheques.

Consequently, the Guardian Fund expenditure amount for the year ended 31 March 2017 was overstated by E834, 812.13. The expenditure recorded in the Guardian Fund statement was E48, 215,869.37 instead of E47, 381,057.24.

Further, the closing bank balance of the Fund was understated by the same amount because each time payments are made, an amount equivalent to the total batches is transferred from the Guardian Fund bank account to the Consolidated Fund, where payments are finally done. The Guardian Fund statement was also misleading because it did not take into account that the funds had not been cashed.

86.2. Unrecorded transaction – Cash book

I also reported during the audit for the period ended 31 March 2017, that some expenditure transactions amounting to E234, 704.03 were not recorded in the Cash Book, at the Master's office. The cash book is an important internal control tool used in tracking revenue and expenditure incurred. It also forms a basis for bank reconciliations that are essential for balancing the government accounts. There was absolutely no valid reason for skipping these transactions in the cash book since they have a bearing in the financial records.

Financial accounting practice dictates that balances of the cash book and the bank statement should always agree, after making adjustments for un-presented cheques and other direct deposits into the bank accounts. Such adjustments are corrected using bank reconciliations and their preparation should be supervised. I am concerned that there was no close supervision and monitoring of transactions captured in the books of accounts.

The table below shows the transactions that were not recorded in the cash book:

Estate	Beneficiary	Folio	Batch	Month	Amount (E)
EP21/99 Tsela Bhutana George	Tsela Nkosingphile	Folio :A P29	EFT	6	15,435.00
EP3/2007 Johannes Dlamini	Swazi Bank	BP 339	EFT	9	32,984.20
ES 53 /08 Mkhonta Emmanuel N.	Mkhonta Bongmuzi Banele	BS/07	226	7	15,077.83
ES 53/08	Vilakati Patronella	BS /07	226	7	11,635.00
El 155 /2008 Amstrong Henwood	Mbuso Elijah Simelane	CL 406	158	10	59,059.18
EM 159/2013 Nonhlanhla Phumzile Shongwe	Cynthia Shongwe	DM 926	56	11	17,817.10
EM 162/2015 Thembumenzi Dlamini	Hlobsile Thabsile Fakudze	DM 927	139	9	5,000
MEM 185/2011 Fanyana Obed Simelane	Sifiso Simelane	DM 589	114	8	20,113.88
EM 139/2006 Ernest Mdeleni Dlamini	Masundvwini High School	DM 107	19	7	11,603.00
EM 139/2006	Mthunzi Mlandvo Dlamini	DM 107	19	7	23,820.00
EM 365 /2005 Magugu Samson Dlamini	Nkosiyaphendula Dlamini Fonteyn High	Em107	266	12	5,925.00
Sandra Phumzile EM 466/2016 Dlamini	Majahaekuphumleni Dlamini	CH613	218	5	10,616.92
			218	5	

Estate	Beneficiary	Folio	Batch	Month	Amount (E)
EM 466/2016	Ngcebane Dlamini	LH614			10,616.92
Total					234,704.03

Paragraph 0203 (x) of The Financial and Accounting instructions of 1970 states that the Controlling Officer should ensure that all books of account are correctly posted and kept up to date. As the cash book is not properly maintained, the Guardian Fund's bank account may not be reconcilable, thus violating 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.

At the time of writing this report the Controlling Officer had not yet responded to my observations, thus violating Financial and Accounting Instructions number 0315 (ii) which states that it is the duty of all accounting officers to reply promptly to any queries addressed to them, giving full particulars or information desired.

HEAD: 47 ANTI-CORRUPTION COMMISSION

Objectives:

Commission - To enhance the capacity of the professional administration of the law by investigating suspected cases of corruption.

87. Unauthorized Over Expenditure on Recurrent Vote

Over expenditures beyond the budget provision and beyond amounts that have been appropriated by Parliament are illegal and clearly violate the Appropriation Act as well as Financial and Accounting instruction 0202 (ii).

Notwithstanding the stipulation of the above stated laws, the Controlling Officer spent public funds that were not budgeted for and such expenditure was not authorized by Parliament. The over expenditure was as follows:

Head	Item	Released Budget (E)	Actual/Committed Expenditure (E)	Over Expenditure (E)	Over Expenditure (%)
47	CTA Vehicle Charges	8,747,757	10,568,776.73	1,833,883.83	21

The Controlling Officer did not furnish me with any authority that allowed disbursement of public funds beyond the budget provision and the Appropriation Act of 2017.

HEAD: 49 CORRECTIONAL SERVICES

Objectives:

Operation of the Penal System - To administer sentences imposed by the courts and to prepare inmates for their return as useful citizens in the community.

88. Audit of Prison Poultry Extension – Appendix 49 for the financial year ended 31st March 2017

An audit inspection of the Prison Poultry Extension – Appendix 49 for the financial year ended 31st March 2017 was carried out, and the following anomalies were brought to the attention of the Controlling Officer, through a Memorandum referenced A2/2016/2017/35 dated 27th December 2017. The Controlling Officer responded through a memorandum referenced CHQ/3/2/Vol. 9/100 and dated 24 January 2018. However, the following matters remained reportable.

88.1. Operating deficit and Other Losses incurred from the Prison Poultry Extension trading program

I reported to the Controlling Officer that the Prison Poultry Extension trading program continued to incur a loss and drain public funds. The trading program has resulted in a significant financial loss of E4,119,629.72 in the financial year ended 31st March 2017, while an operating financial loss of E131,013.96 was also incurred in the previous financial period ended 31st March 2016.

The E4,119,629.72 overall loss incurred in the financial year ended 31st March 2017 was as a result of an operating loss of E 3,657,279.72, death of dairy cows amounting to E119,700.00 and unaccounted for broilers amounting to E 342,650.00.

I expressed my concerns to the Controlling Officer about the following losses;

88.1.1. Operating Deficit

Total expenditure incurred from public funds amounted to E5,206,136.72, whilst the revenue collections from operations amounted to E1,548,857.00, which has resulted in the loss of E3,657,279.72.

I am concerned about the sustainability of the program because the trend observed indicates that the Prison Poultry Extension trading activities are failing to generate enough revenue to cover the expenditure incurred and yield an economic benefit to Government. Furthermore, the objective of reducing costs of feeding inmates is not being met, instead the costs have increased.

In his response, the Controlling Officer agreed that indeed the loss was made but stated that the loss was a result of capital investments made during the year under audit whose returns could not be immediately realized. He further stated that he anticipated that the trading account would break even in the financial year 2018/2019. The Controlling Officer also blamed the losses on government procurement procedures which result in suppliers charging inflating prices.

I am not satisfied by the Controlling Officer's response because he did not provide any evidence of profit forecasts in support of his assertion that the account would break even in the financial year 2018/2019. Moreover, he has not explained how he intends to address the issue of supplier inflated prices. Therefore, I am not convinced that the Prison Poultry Extension Trading Program remains viable.

88.1.2. Death of Dairy Cows

I noted that seven (7) dairy cows valued at E17,100.00 each with the total value of E119,700.00 had died in the financial period ended 31st March 2017. The dairy cows were part of a purchase of twenty one 21 cows made by the Department from Zaaiburg Dairy Farm in South Africa.

Upon enquiry, I was informed by the Live Stock Manager that all the 7 dairy cows had died from a lung disease while they were being kept at the Correctional Services Bhalekane Farm.

I am concerned about the loss of Government funds resultant from the death of the cows.

I observed that the twenty one cows that were purchased were initially kept in quarantine for three months and four calves were born during that period and none of the cows died in quarantine. This raises more concerns whether the deaths of the livestock were due to poor management at the Bhalekane Farm.

In his response, the Controlling Officer stated that the cows arrived at the peak of the winter season which followed a severe drought. He explained that the cows died of pneumonia whose effects are exacerbated by cold and droughty conditions which could have been compounded during the transit of the cattle in a lorry over a long distance departing in the cold morning and arriving in cold evening.

I am concerned that the Controlling Officer seemingly takes the loss to government very lightly and appears to suggest that nothing could have been done to avoid the deaths. The Controlling Officer had a responsibility to take preventive measures knowing that the cows would arrive in winter and after a droughty season. Necessary precautions could have been taken to avoid purchasing the cows during this period and moreover, moving them under such conditions.

88.1.3. Unaccounted for Broilers

Financial records indicated that His Majesty's Correctional Services purchased a total of 21 000 chicks for rearing, however there was no record of 6853 broilers or chicks which were alleged to have died during the rearing or growing period. The value of the dead broilers or chicks at market price of E50.00 per broiler totalled E342,650.00 000.00. The table below depicts the loss incurred in the production of the broilers:

Receipts (input units)	Issues (output units)	Loss in production (in units)	Market price/unit (E)	Total loss (E)
21, 000	14,147	6853	50.00	342,650.00

I expressed my concerns to the Controlling Officer about the non-recording of the deaths as this may indicate a motive to override internal controls.

The total losses incurred is summarized in the following table:

Losses	Description	Losses (E)
Operating deficit/loss	Statement of Prison Poultry Extension for the financial year ended 31 st March 2017.	3,657,279.72
Dairy production: death of dairy cows	7 dairy cows which died, and were purchased from Zaaiburg Dairy Farm in South Africa at E17,100.00 each.	119,700.00
Broilers production: Unaccounted for broilers	6853 broilers which are said to have died during production valued at E50.00 each.	342,650.00
Total		4,119,629.72

The Controlling Officer responded by stating that it was his strong belief that the problem of broiler mortality had been entirely eliminated.

The objective of establishing the Prison Poultry Extension trading program was to minimize dairy products and meat costs incurred by Government towards feeding inmates through internal production by the Correctional Services. However, my audit revealed that the Prison Poultry Extension program had instead become a financial drain to Government, since it was not profitable and was financed from the General Bank Account, and does not operate its own Trading Bank account.

89. Unauthorized Over Expenditure on Recurrent Vote

Over expenditures beyond the budget provision and beyond amounts that have been appropriated by Parliament are illegal and clearly violate the Appropriation Act as well as Financial and Accounting instruction 0202 (ii).

Notwithstanding the stipulation of the above stated laws, the Controlling Officer spent public funds that were not budgeted for and such expenditure was not authorized by Parliament. The over expenditure was as follows:

Head	Item	Released Budget (E)	Actual/Committed Expenditure (E)	Over Expenditure (E)	Over Expenditure (%)
49	CTA Vehicle Charges	9,870,713	29,402,651.88	19,612,438.88	198.7
49	Personnel Costs	335,395,736	370,672,702.93	35,276,966.93	10.5

The Controlling Officer did not furnish me with any authority that allowed disbursement of public funds beyond the budget provision and the Appropriation Act of 2017.

HEAD: 50 HOME AFFAIRS

Objectives:

Administration of legislation pertaining to immigration, civil registration, citizenship, NGO's and refugees.

90. Audit Inspection Ministry of Home Affairs

An audit inspection was conducted at the Ministry of Home Affairs and a report referenced H22 Vol VI/14 dated 20th September 2017 was issued to the Principal Secretary, Ministry of Home Affairs. The Controlling Officer did not respond to the queries raised regardless of a reminder referenced H22 Vol VI/17 dated 30th October 2017.

90.1. Unsupported Overtime Claims

I observed that the Ministry paid overtime claims amounting to **E 1,579,564.81** with an open ended authority, during the financial years 2015/2016 and 2016/2017. The ministry's request to officers to work overtime did not specify the authorized dates of the overtime to be worked by the officers.

In 2010 Government issued a circular stating that all over-time will be approved by Cabinet. Also, General Orders A250 (2), A251 and Establishment Circular No. 8 of 2010 which regulate payments of overtime and specifies duties which require special consideration, were not adhered to.

Authorities supporting these payments were not produced at the time of the inspection. The Financial Management and Accounting Procedures Manual No. 12.1, states that prior authority must be obtained before embarking on any overtime work.

Details for the overtime allowance payments are depicted in the table below:

Employment Number	Designation	Dates Claimed For	Overtime Claimed (E)
2376666	Driver	15/04/15-20/04/15	2,679.60
2404455	Driver	19/03/15-20/04/15	4,326.26
2552747	Handyman	22/12/15-26/12/15	2,613.60
		20/08/15-31/08/15	4,804.80
		14/04/15-20/04/15	2,468.40

Employment Number	Designation	Dates Claimed For	Overtime Claimed (E)
2596156	Cleaner	17/04/15-20/04/15	1,518.84
2600613	Driver light	07/11/15-07/11/15	700.23
2673592	Civil Registration Officer	17/04/15-20/04/15	2,600.91
2701817	Assistant Immigration Officer	18/04/15-20/04/15	2,203.53
2793896	Assistant Immigration Officer	26/08/16-05/09/16 18/04/15-20/04/15	4,738.50 2,203.53
3178980	Immigration Officer 1	26/08/16-05/09/16	7,508.70
3212901	Typist I	25/08/15-02/09/15 01/04/15-26/07/15 17/04/14-22/09/14	5,179.09 10,054.52 13,019.65
3290860	Immigration Officer II	18/04/15-20/04/15	3,195.78
3364170	Typist I	25/08/15-31/08/15 18/04/15-20/04/15	5,111.61 2,479.89
3417498	Immigration Officer II	27/08/16-04/09/16 17/04/15-26/07/15	4,755.51 8,349.52
3459458	Driver Light	07/11/15-31/12/15 15/11/14-26/07/15 09/03/15-19/04/15 18/09/13-22/09/13 10/12/14-21/01/15	11,546.2 8,802.05 14,031.60 2,161.09 13,563.36
3593077	Assistant Accountant	14/02/15-23/02/15 14/04/15-26/04/15 13/03/15-30/03/15 01/03/15-07/04/15 28/05/14-29/05/14	7,619.78 12,562.34 11,356.12 16,239.84 1,957.86
3594793	Personal Secretary	02/04/15-20/04/15	11,084.91 2,871.87
3628557	Accounts Officer	18/04/15-20/04/15	4,324.74
3659892	Cleaner	14/02/15-06/04/15 17/04/15-20/04/15	1,550.61 391.74
3666991	Typist I	01/09/15-22/09/15 14/02/15-31/08/15 13/03/15-30/04/15 01/03/15-26/07/15 28/05/14-29/05/14 01/01/15-12/01/15	8,215.69 11,707.78 15,756.58 11,252.29 1,149.61 6,582.64

Employment Number	Designation	Dates Claimed For	Overtime Claimed (E)
3679625	Driver	09/10/15-11/10/15 23/08/15-22/09/15 14/02/15-20/04/15	1,454.52 5,513.10 14,908.83
3679917	Labourer	07/11/15-07/11/15 15/11/14-26/07/15	391.86 2,774.14
3711060	Accounts Officer	17/03/15-29/03/15 04/03/15-19/04/15	6,590.08 21,506.02
3718115	Driver	16/09/15-25/09/15	3,744.44
3769678	Senior Immigration Officer	26/08/16-05/09/16	9,865.80
3841727	Assistant Immigration Officer	26/08/16-04/09/16 18/04/15-20/04/15	3,140.25 2,479.89
3870462	Immigration Officer II	18/04/15-20/04/15	3,390.55
3874442	Assistant Immigration Officer	02/04/15-20/04/15 27/08/14-05/09/14	8,206.95 4,044.09
3937721	Immigration Officer II	11/03/15-20/04/15	6,130.68
3977411	Assistant Immigration Officer	27/08/16-04/09/16	3,377.25
40138109	Cleaner	18/09/15-21/09/15	953.24
4222037	Typist I	18/04/15-20/04/15	2,479.89
4289980	Celebrations Officer	15/11/14-25/04/15 03/08/13-29/05/14 08/12/14-31/12/14 15/12/14-21/01/15	23,821.98 3,594.11 7,672.43 10,907.51
4412946	Immigration Officer I	26/08/16-05/09/16 18/04/15-26/07/15	3,337.20 6,043.02
4429258	Accounts Officer	17/08/15-28/08/15 29/08/15-30/09/15 01/09/15-25/09/15 03/02/15-30/04/15 20/02/15-20/04/15 28/05/14-29/05/14 01/01/15-12/01/15	7,737.46 9,443.82 18,946.48 25,065.84 32,391.42 2,065.14 11,023.02
4615149	Cleaner	26/08/16-05/09/16 14/02/15-26/07/15 17/04/15-20/04/15	1,903.32 2,369.27 1,564.25
4665962	Assistant Immigration Officer	18/04/15-20/04/15	2,479.89
4694339	Assistant Regional Civil Registrar	07/11/15-07/11/15 25/08/15-21/09/15	781.83 7,627.36 10,715.36

Employment Number	Designation	Dates Claimed For	Overtime Claimed (E)
		14/02/15-26/07/15 23/04/14-25/04/14	2,180.47
4733582	Immigration Officer II	26/08/16-05/09/16	2,370.00
4926731	Driver	01/09/15-11/10/15 01/01/15-21/01/15	3,032.08 5,471.97
4936620	Immigration Officer II	01/04/16-26/04/16 17/12/15-11/01/16 20/08/15-31/08/15 01/09/15-22/09/15 01/04/15-20/04/15 13/03/15-30/04/15 14/02/15-10/03/15 28/05/14-29/05/14 01/01/15-18/01/15 01/09/14-31/12/14 23/08/14-31/08/14	12,546.47 11,965.83 9,567.77 11,549.84 10,840.21 22,487.93 13,703.20 1,769.07 13,049.76 12,544.31 6,295.13
5239256	Assistant Accountant I	22/12/15-24/12/15	2,660.60
5239256	Assistant Accountant I	26/08/16-05/09/16 22/12/15-24/12/15 06/04/15-20/04/15	9,578.22 2,660.60 8,119.92
5259357	Driver	16/08/15-21/09/15 02/01/15-20/01/15	7,453.36 3,060.78
5272217	Driver light	17/12/15-03/01/16	7,483.74
5283389	Assistant Estate Officer	24/12/15-10/01/16 15/02/15-21/09/15 14/02/15-20/04/15	6,150.39 11,712.36 5,225.73
5294420	Driver	06/03/15-08/03/15 16/04/15-20/04/15	1,782.96 2,381.19
6550204	Driver	23/08/15-01/09/15 14/04/15-20/04/15 20/09/13-20/09/13	3,973.20 2,652.52 833.72
6601018	Driver light	19/12/15-10/01/16	12,130.80
6621786	Assistant Regional Civil Registrar	27/08/16-04/09/16 18/04/15-20/04/15	5,726.25 1,884.54
6679356	Driver light	26/08/16-05/09/16 14/08/15-15/09/15 26/04/15-30/04/15 15/11/14-07/04/15 01/02/15-26/07/15 18/09/13-22/09/13 01/01/15-21/01/15	3,971.91 8,302.80 1,056.00 8,524.85 19,628.40 2,194.00 5,680.47

Employment Number	Designation	Dates Claimed For	Overtime Claimed (E)
		26/05/14-31/12/14 13/08/14-25/09/14 03/03/14-28/04/14	9,519.59 9,724.20 14,730.61
6760245	Assistant Immigration Officer	18/09/15-21/09/15	2,429.28
6773302	Cleaner	17/04/15-20/04/15	1,389.78
6782128	Typist I	27/08/16-04/09/16	4,066.85
7206908	Driver light	16/12/15-11/01/16 15/11/14-26/07/15 28/05/14-29/05/14	8,712.00 17,543.56 946.48
7406665	Assistant Accountant I	26/08/16-05/09/16	9,578.22 2,652.00
7455030	Assistant Regional Civil Registrar	27/08/16-04/09/16 17/04/15-20/04/15	3,457.10 2,600.91
8720111	Driver (Heavy)	18/12/15-30/12/15 15/04/15-20/04/15	8,499.18 5,864.61
8822749	Driver (Heavy)	17/09/15-21/09/15 02/02/15-30/04/15 22/12/14-31/12/14 01/01/15-14/01/15 24/03/14-22/09/14	3,886.41 25,998.68 5,716.02 7,549.47 8,250.49
8837475	Driver	25/08/15-21/09/15 19/09/14-22/09/14	8,698.80 2,057.56
8924322	Messenger	07/11/15-07/11/15 24/07/15-26/07/15	521.01 1,005.10
9035810	Assistant Immigration Officer	31/10/09-31/10/09	177.66
9075191	Security Guard	26/08/16-31/08/16	2,457.33
9113264	Driver light	18/12/15-10/01/16 17/09/15-22/09/15 18/04/15-20/04/15	11,721.60 2,877.60 2,230.80
9115194	Driver light	19/02/15-26/08/15 14/02/15-20/04/15	4,680.27 5,782.89
9158667	Immigration Officer	18/04/15-20/04/15	3,195.78
9188190	Messenger	07/11/15-07/11/15 15/11/14-26/07/15	294.21 4,523.01
9228966	Assistant Regional Civil Registrar	18/09/15-21/09/15	2,226.84
9397381	Assistant Immigration Officer	26/08/16-05/09/16	2,370.00

Employment Number	Designation	Dates Claimed For	Overtime Claimed (E)
9476994	Assistant Immigration Officer	15/04/15-20/04/15	4,871.75
9628256	Assistant Regional Civil Registrar	27/08/16-04/09/16	5,726.25
9736126	Civil Registration Officer	27/08/16-04/09/16	3,457.10
9737282	Labourer	07/11/15-10/01/16	2,797.00
9737282	Labourer	25/08/15-21/09/15	3,076.10
9737282	Labourer	15/11/14-26/07/15	3,788.92
9784095	Assistant Regional Civil Registrar	24/12/15-10/01/16 01/09/15-21/09/15 24/07/15-31/08/15	3,075.18 1,653.17 3,180.24
10077379	Senior Security Guard	01/09/16-04/09/16 26/08/16-31/08/16 18/12/15-30/12/15 14/02/15-20/04/15	1,400.46 2,183.07 5,055.63 3,985.82
10085998	Assistant Immigration Officer	18/04/15-20/04/15	2,479.89
10105979	Assistant Immigration Officer	27/08/16-04/09/16	3,377.25
10219278	Assistant Immigration Officer	06/04/15-20/04/15	4,656.12
39807546	Typist I	17/12/15-11/01/16 17/08/15-30/09/15 01/09/15-25/09/15 03/02/15-30/04/15 06/02/15-09/04/15 28/05/14-29/05/14 01/01/15-12/01/15 22/12/14-18/01/15 22/08/14-23/09/14 07/03/14-25/04/14	12,612.92 9,852.08 10,644.97 18,320.82 21,104.37 1,219.68 6,510.24 7,349.76 10,121.76 19,704.96
39813785	Assistant Regional Civil Registrar	27/08/16-04/09/16	5,726.25
39822381	Store-man I	22/12/15-26/12/15 25/08/15-21/09/15 15/04/15-20/04/15 02/04/15-06/04/15	3,422.25 8,889.07 3,567.62 3,012.99
39827616	Cleaner	23/03/16-23/04/16 07/11/15-07/11/15	3,284.16 391.86
39830780	Cleaner	07/11/15-07/11/15	336.00
39831444	Driver	25/08/15-31/08/15	3,941.28

Employment Number	Designation	Dates Claimed For	Overtime Claimed (E)
39832074	Cleaner	15/11/14-14/02/15	549.99
39835015	Driver	26/08/15-21/09/15 08/04/15-20/04/15 14/02/15-08/03/15 02/01/15-04/01/15	6,520.80 5,055.60 4,065.60 782.27
39838465	Messenger	07/11/15-07/11/15 15/11/14-26/07/15	521.01 5,636.72
39839710	Assistant Immigration Officer	18/04/15-20/04/15	2,479.89
39845430	Clerical Officer	27/08/16-04/09/16	2,099.25
39847346	Personal Secretary	06/04/15-20/04/15	4,165.25
39863869	Civil Registration Officer	27/08/16-04/09/16	3,457.10
39903185	Driver light	18/12/15-11/01/16	12,457.26
39912918	Cleaner	27/08/16-03/09/16	1,488.00
39924122	Cleaner	27/08/16-04/09/16 07/11/15-07/11/15 17/04/15-20/04/15	2,099.25 391.86 1,433.35
39932765	Driver	17/08/15-30/09/15 17/03/15-30/04/15 12/02/15-09/04/15	16,038.00 10,137.60 12,540.00
39952660	Messenger	07/11/15-07/11/15	504.00
39952660	Messenger	14/02/15-26/07/15	4,664.40
39985093	Indvuna	07/11/15-07/11/15	471.87
40327127	Assistant Accountant	22/12/15-24/12/15 02/04/15-06/04/15 06/03/15-08/03/15 18/04/15-20/04/15	2,056.66 7,626.85 3,684.88 4,199.05
40327127	Assistant Accountant I	21/04/16-30/08/16 22/12/15-24/12/15 02/04/15-06/04/15 06/03/15-08/03/15 18/04/15-20/04/15	2,056.66 12,774.08 7,626.85 3,684.88 4,199.05
40481036	Cleaner	07/11/15-07/11/15 15/11/14-26/07/15	336.00 3,783.11
60164812	Assistant Accountant I	07/03/15-29/03/15 14/04/15-20/04/15	7,471.80 4,554.24

Employment Number	Designation	Dates Claimed For	Overtime Claimed (E)
101776990	Driver light	07/12/15-10/01/16 17/09/15-11/10/15 04/03/15-19/04/15	10,705.20 4,540.80 14,308.80
101841627	Driver light	22/12/15-24/12/15	879.75
101946715	Driver light	26/08/16-04/09/16 11/12/15-10/01/16 20/02/15-08/03/15 07/04/15-19/04/15 19/09/14-22/09/14	4,033.73 12,434.40 3,643.20 4,554.00 1,623.73
300010886	Assistant Immigration Officer	26/08/16-05/09/16 18/04/15-20/04/15	5,177.22 2,338.03
300024779	Assistant Immigration Officer	13/04/15-20/04/15	4,771.47
300061112	Driver	25/08/15-04/09/15 17/02/15-19/04/15 15/11/14-20/04/15 15/12/14-21/01/15	4,645.08 11,812.11 12,700.11 12,298.17
300101902	Assistant Immigration Officer	18/04/15-20/04/15	2,479.89
300122190	Civil Registration Officer	18/04/15-20/04/15	1,742.68
300124549	Assistant Regional Civil Registrar	27/08/16-04/09/16 02/04/15-20/04/15	5,726.25 4,125.53
300130836	Cleaner	07/11/15-07/11/15 14/02/15-26/07/15	391.86 3,913.89
300143522	Cleaner	14/02/15-20/04/15	3,161.22
300179130	Assistant Immigration Officer	18/04/15-20/04/15	2,338.03
300198357	Cleaner	07/11/15-07/11/15 15/11/14-26/07/15 17/04/15-20/04/15 17/04/14-27/07/14	391.86 2,763.78 1,664.78 1,517.81
300228289	Cleaner	26/08/16-04/09/16	2,088.00
300233290	Assistant Immigration Officer	18/04/15-20/04/15	2,479.89
300235838	Assistant Immigration Officer	18/04/15-20/04/15	2,479.89
300276189	Cleaner	01/04/15-06/04/15 17/04/15-20/04/15	1,322.08 1,433.35
300304954	Assistant Immigration Officer	18/04/15-20/04/15	2,203.53
300343777	Assistant Immigration Officer	18/04/15-20/04/15	2,338.03
300374287	Typist I	17/12/15-11/01/16	9,323.78

Employment Number	Designation	Dates Claimed For	Overtime Claimed (E)
Total			1,579,564.81

I am concerned that due to unavailability of the authority, the ministry might process and pay invalid overtime allowances for services not rendered.

90.2. Unsupported Acting Allowances Claims

I also reported that during the financial years 2015/2016 and 2016/2017, the ministry paid acting allowances amounting to **E 25 004.74** to officers who acted for different posts. However, there was no evidence that the acting appointments were reported to the Civil Service Commission, with justifications. Furthermore, I am not aware of the positions for which the officers were acting. Furthermore, there was no authority granted by the Civil Service Commission for the acting appointments. These documents together with officer's casualties are used to facilitate payments of acting allowances.

However, the attachments supporting the payments could not be availed for inspection, thus violating General Order A132 (1) which states that if the Head of Department considers that an office should be filled in an acting capacity, he should report the matter to the Civil Service Commission on CSB Form A with his recommendations, justifying the need for the acting.

In the absence of the supporting documents, the ministry also violated General Order A132 (3) which stipulates that no officer should be deemed to have acted in an office without the appropriate instrument having been issued by the Civil Service Commission. The ministry has paid out acting allowances without following the relevant procedures in accordance with the relevant laws, rules and regulations. It is worth noting that I was unable to assess the veracity of the allowances and whether correct amounts were paid.

The payments were made as follows:-

Employment No.	Substantive Post (Actual Designation)	Acting Allowance Paid (E)
39845409	Senior Planning Officer	8,517.32
3594793	Personal Secretary	3,158.72 443.95

Employment No.	Substantive Post (Actual Designation)	Acting Allowance Paid (E)
3666991	Typist I	1,538.56
2533960	Social Welfare Officer	6,739.76 4,742.79 4,072.70 5,508.47 6,006.44
3627893	Senior HR Officer	1,990.00 8,988.86 20,240.22 10,523.57 1,425.24 5,828.00 1,603.21 2,792.69
39902737	Short Hand Typist	2,212.73 1,402.02 1,834.40 1,620.76 2,139.47
4332514	Senior Welfare Officer	5,333.15 7,684.23
39847346	Personal Secretary	1,253.59 1,045.74 1,458.88
3239755	Regional Civil Registrar	649.43
3787337	Assistant Regional Civil Registrar	9,450.87
3648397	Senior Immigration Officer	551.99 546.20 1,130.46
2441898	Deputy Chief Immigration Officer	978.30 1,550.81
300154326	Assistant Immigration Officer	2,736.30
2452245	Senior Immigration Officer	2,229.07 2,648.49
4455512	Senior Immigration Officer	2,112.26

Employment No.	Substantive Post (Actual Designation)	Acting Allowance Paid (E)
3769520	Senior Immigration Officer	1,969.82 2,032.77 2,147.02 2,666.46
3432460	Senior Immigration Officer	1,259.90 1,248.50 1,815.30
Total		25,004.74

90.3. Salaries Paid to Officers on Suspension

I noted with great concern that the Ministry has paid an amount of **E 1 048 968-33** in respect of salaries to employees who have been suspended since June 2014. Their cases have not been resolved since June 2014 and huge amounts in the form of salaries have been withdrawn from the public purse for undelivered services. The remuneration of an officer is based on the assumption that his whole time is at the disposal of Government, and I am not aware whether the suspended employees are remanded in custody or busy with their private dealings at the expense of public funds. I am also concerned that criminal proceedings against them have been delayed for more than two years now, and performance of government services is progressively becoming poor due to undelivered services.

The payments for undelivered public services were made as follows:-

Designation	Grade	Employment No.	Terms of Suspension	Suspension Date	Amount received as at 31st July 2017 (E)
Assistant Immigration Officer	B3	3625815	Full pay pending investigation	2/06/2014	243,032.19
Principal Immigration Officer	D4	3331802	Full pay pending investigation	02/06/2014	532,380.71
Assistant Immigration Officer	B3	300073869	Full pay pending investigation	02/06/2014	251,208.67

Designation	Grade	Employment No.	Terms of Suspension	Suspension Date	Amount received as at 31st July 2017 (E)
Assistant Immigration Officer	B3	7439373	Half pay pending investigation	April, 2017	22,346.79
TOTAL					1,048,968.33

The delay in criminal proceedings is against General Order A.910 (2) which states that the Judicial Officer concerned with criminal proceedings against an officer, should ensure that immediately the proceedings are completed, the Head of Department concerned is informed of the outcome, and that as soon as possible, thereafter, certified copies of the case record are sent to him.

For employees that are remanded in custody, section 39 of the Employment Act of 1980, advises that an employer may suspend an employee without pay and reimburse him if he is subsequently acquitted of the charge.

I am not aware of the action taken by the ministry to ensure that this matter comes to an end.

It is worth pointing out that it may be difficult for the ministry to recover the overpayments of salaries from the employees if they are found guilty of the offences committed and their services are terminated.

90.4. House Allocation slips not attached in officers personal files

I also communicated to the Controlling Officer that during the inspection I observed that the ministry did not attach housing allocation slips to some officer's personal files, yet according to the earnings and deductions register, they occupy government houses. This demonstrates sloppiness on the part of the ministry, in ensuring that every employee's personal file is updated. House allocation slips ought to be attached in employees' personal files to enable a traceable audit trail.

The officers might be underpaying rent and data input to the government system may be compromised as a result of missing documents in personal files.

The officers whose house allocation slips were not attached to their files are as follows:

Designation	Grade	Employment no.	Rent Paid (E)
Immigration Officer I	C4	3613357	60.00
Immigration Officer II	B5	7449451	46.00
Assistant Immigration Officer	B3	2676863	52.00
Assistant Accountant I	C4	4429258	60.00
Regional Civil Registrar	D3	8254021	87.00
Assistant Regional Civil Registrar	B5	3331558	26.00
Civil Registration Officer	B2	300171613	60.00
Assistant Immigration Officer	B3	5455003	43.50
Assistant Immigration Officer	B3	300263541	47.00
Typist I	B3	9556814	60.00
Senior Planning Officer / Econ	E3	39845409	111.00
National Civil Registrar	E4	3214185	111.00
Assistant Immigration Officer	B3	40140588	30.00
Indvuna	A2	6684525	26.00
Immigration Officer I	C4	5131718	50.00

90.5. Salary Paid to Deceased Officer -Employee 9839889

In my memorandum quoted above, I also reported to the Controlling Officer that an officer whose employment number was 9839889, had passed away on the 17th of June 2015. I noted that the deceased officer had been paid a salary for a period of 3 months after his death notification, resulting to an overpayment of salary amounting to **E13 225.40**. The overpayment occurred during the months of July 2015 to September 2015 because the salary payments were not ceased on time.

Details of the overpayments are depicted below:

<u>Pay Month</u>	<u>Amount (E)</u>
July 2015	4, 046.74
August 2015	3, 893.58
September 2015	5, 285.08
Total	<u>13, 225.40</u>

90.6. Officers who are neither paying rent nor receiving housing allowances.

During the inspection I observed that rental fees were not collected from some employees and they were not receiving housing allowance. I expressed my concern that in some instances, employees who were not paying rent nor receiving housing allowances were occupying government houses.

The officers are listed below

Designation	Employment no.
Security Guard	9876057
Gardener	10376283
Immigration Officer II	3417498
Senior Cook	3588176
Handyman	2552747
Typist I	300374287
Security Guard	8727424
Assistant Immigration Officer	40228949
Assistant Civil Registration Officer	300488397
Assistant Civil Registration Officer	7956555
Driver (Heavy)	8720111
Assistant Immigration Officer	5586747
Security Guard	9075191
Grounds man	99613275
Housekeeper	300008548
Immigration Officer I	3220331
Typist 1	300458297
Labourer	3679917

A follow up conducted on the 23rd November 2017 at Malindza Refugee Camp, revealed that some employees are housed by government in one room houses, with water and electricity, paid for by government, and they were not paying rent for the period October 2001 to November 2017. According to Establishment Circular no. 10 of 1980 rentals for 1 room (hostel) is E5.00 per month. Also, Establishment Circular

no 10 of 1989 which states that Heads of Institutions should allocate houses within their premises to staff members on behalf of the Ministry of Public Service and should ensure that the correct rent is paid, was not adhered to. The outstanding rent had accumulated to **E3,990.00**.

The table below shows details of uncollected rentals

Employment No.	Occupation Date	Months & Rates	Total (E)
2552747	June 2007	125x5	625.00
9075191	June 2007	125x5	625.00
9876057	April 2009	103x5	515.00
8727424	June 2007	125x5	625.00
8720111	October 2001	173x5	865.00
6773302	April 2014	43x5	215.00
300228289	January 2015	35x5	175.00
10077379	August 2014	40x5	200.00
6312756	February 2016	22x5	110.00
699613275	May 2016	7x5	35.00
Total			3,990.00

It was also revealed that employee number 3220331 and 3417498 claimed that they were occupying condemned houses. I was not furnished with the certificate to that effect as per the Establishment Circular no 10 of 1989 paragraph 4 (ii) which states that no government quarter is considered condemned until a certificate to that effect has been issued. Further it states that rent must continue to be paid until that certificate is issued.

A follow up revealed that employee no 3417498 was allocated a one bedroom house at Old Government Flats no 3, on 22nd January 1993, without payment of rent. During the physical inspection, the house was found to be fit for human habitation. The house attracts a monthly rental of E52.00 and the rent arrears had accumulated to E21, 216.00, from February 1993 to November 2017.

Employee number 3220331 who was based at Hlathikhulu, occupied a house which according to the housing officer for the Shiselweni Region was a condemned house. However, I was not furnished with the certificate of condemnation.

90.7. Officer not linked to any government post

I reported to the Controlling Officer that employee 10250378 who earns a salary of **E8, 824.00** per month on Grade B5, was not linked to any government post, yet she was receiving monthly salary from Swaziland Government. According to the government accounting system, the officer was employed by government with effect from 15 July, 2010 and has received a salary totaling **E504, 143.68** to date, that is, January, 2018. I am concerned that the ministry might employ officers on posts that

have been already filled, or might be unknowingly paying salaries to non-existent employees.

According to General Order A123, all posts should be shown in the Establishment Register which supports the government Estimates of Public Expenditure, each financial year. This establishment should not be exceeded, and no appointments to such posts should be made, whether on temporary terms or otherwise, for which provision does not exist in the Establishments Register.

90.8. Employees Personal Files

In my report I also mentioned that some employees' personal files could not be examined because they were not made available for inspection. My office is concerned that the hard earned tax payer's money might be paid to ghost employees. In terms of the Audit Act of 2004 the Auditor General shall have access to all books, vouchers, documents in the possession of any public officer.

The following table lists the employees whose personal files were not made available to the Auditor General for audit purposes.

Designation	Grade	Employment Number	Date Employed
Immigration Officer II	B5	4923518	1997/07/01
/Civil Registration Officer	B2	40095110	2014/01/02
Assistant Regional Civil Registrar	B5	101950639	2008/01/29
Assistant National Civil Registrar	D5	2236371	1983/06/01
Assistant Accountant I	C4	5080337	1986/10/01
Cleaner	B3	300458297	2014/09/17
Typist II	B2	300267868	2015/06/12
Principal Human Resources Officer	D4	3702945	2005/09/01
Driver (Heavy)	A5	3018549	2000/120/7
Immigration Officer I	C4	7109430	1988/06/07
Indvuna	A2	39861324	2010/08/01
Typist I	B3	3666991	2010/11/08
Cleaner	A1	6665834	1996/03/07
Assistant Immigration Officer	B3	36010	2015/01/21
Assistant Accountant I	C4	3669004	2003/01/06

Designation	Grade	Employment Number	Date Employed
Cleaner	A1	39912918	2014/08/28

90.9. Underpaid Allowances: Employee 3464933

I also drew the attention of the Controlling Officer that employee number 3464933, who earns a salary of E61, 757.92 per month, was underpaid housing, constituency and entertainment allowances since September 2013. Finance Circular no 2 of 2013 states that politicians are entitled to housing allowance which is 25% of their salary, constituency allowance which is 12.5% of the salary and entertainment allowance which is 10% of the basic salary.

The table below shows unadjusted underpayments of allowances:-

Allowance Type	Dates	Entitlement (E)	Actual paid (E)	Difference (E)	Total (E)
Housing Allowance @ 25% of salary	07/2016-6/2017= 12 months	15 439.48	10 963.21	4 476.27	53 715.22
	09/2015-6/2016=10 months	11 740.80	10 963.21	777.59	7 775.90
Constituency Allowance @ 12.5% of salary	07/2016-6/2017=12 months	7 719.74	4 111.21	3 608.53	43 302.36
	09/2015-6/2016=10 months	5 837.90	4 111.21	1 726.69	17 266.90
Entertainment Allowance @ 10% of salary	07/2016-6/2017=12 months	6 175.79	4 385.28	1 790.51	21 486.12
	09/2015-6/2016=10 months	4 670.32	4 385.28	285.40	2 850.40
TOTAL					146,396.90

90.10. Non Maintenance of Accounting Records

I observed with great concern that the Controlling Officer exhibited a high degree of laxity in as far as record keeping was concerned.

a) Inwards Book

Items amounting to **E739,564.50** for the financial years 2015/2016 and 2016/2017 were not recorded in the inwards book, thus violating section 0203 (x) of the Financial and Accounting Instructions of 1970 which state that an Accounts Officer must see to it that all books of accounts are correctly posted and kept up-to-date.

Failure to maintain the Inwards Book may indicate that the stock purchased was not delivered or was partly delivered.

b) Vote Book

Transactions amounting to **E129, 720.60** were not recorded in the Vote Book. The Vote Book serves as a backup for the electronic government system and its maintenance is a requirement as per Government regulations.

As a result Financial and Accounting Instruction 0407 which states that every accounting officer authorized to incur expenditure must maintain a Vote Book, was violated.

c) Tally Cards

Items amounting to **E165, 477.00** for the financial years 2015/2016 and 2016/2017 were not recorded in Tally Cards, thus violating the Stores Regulations Part I of 1975, section 0605 which states that tally cards shall be maintained for each item of stores held in stock. These cards contain references to the appropriate vouchers. The authorized minimum and maximum stock holdings of each item must be recorded on the tally cards.

Failure to maintain the Tally Cards may result in poor control of stock movement, and items may be purchased without necessity thus increasing government expenditure and waste of scarce public funds.

90.11. Untraceable Electrical Items

I reported that electrical items worth **E593, 048.14** were purchased by the ministry for the Kings Birthday celebrations on 21st October 2015. These items were not availed to me for physical verification and the stores officer was not aware of their whereabouts. I am concerned that since the responsible officer was not aware as to what happened to these items, there might be short delivery or non-delivery at all or theft of the supplies.

The Stores Regulations 0201(a) which requires that it shall be the responsibility of the storekeeper and their staff to carry out regular inspection of stores under his/her control was violated.

The table below describes the untraceable items as per Order SG 96003965, Voucher 070072, invoiced by LSM Distributors on 21 October, 2015.

Description	Quantity	Unit price (E)	Amount (E)
Fluorescent tube 18w	172	64.95	11,171.40
32 way flush DB	4	965.95	3,863.80
Double fluorescent fitting	37	631.95	23,382.15
Clip round pvc cable	1940	22.95	44,523.00
Fluorescent tube 18w	75	64.95	4,871.25
Cable gland and plugs	8	64.95	519.60
Circuit breaker 60A	8	1560.95	12,487.60
Circuit breaker 30A	21	252.95	5,311.95
Circuit breaker 25A	18	247.95	4,463.10
Circuit breaker 10A	12	216.95	2,603.40
Neutral bar clip	6	118.95	713.70
Cable gland and plugs	3	58.95	176.85
6mmx 4 core	300	101.95	30,585.00
8 way flush DB	7	286.95	2008.55
Circuit breaker 100a	49	2242.95	109,904.55
Single plug socket	27	117.95	3,184.65
Metal halide 400w	11	2,959.95	32,559.45
400w metal halide lamp	16	388.95	6,223.20
Circuit breaker double	1	290.96	290.95
Circuit breaker 25KA	3	5,850.95	17,552.85
Circuit breaker isolator	2	6,825.95	13,651.90
Earth spike clamp	4	78.95	315.80
Total			330,364.75

The table below describes the untraceable items as per Order SG 97001392, Voucher 070004, invoiced by T & S Enterprises on 19 September, 2016.

Description	Quantity	Unit price (E)	Amount (E)
Scaffolding hire	2	5,498.96	10,997.92
Element geyser	12	318.63	3823.56
Thermostat geyser	12	254.90	3,058.80
Floor tubes	150	57.80	8,670.00
SW 2L 1 way 4x2	8	57.80	462.40
Bowl 200m s/n glass	22	96.33	2,119.26

Description	Quantity	Unit price (E)	Amount (E)
Flood lights aluminum	3	2,074.80	6,224.40
cistern	6	618.36	3,710.16
Mortise lock 3L	10	176.47	1,764.70
MI 228 -15 stop tap	20	530.00	10,600.00
Glass clear 1830 x 1220	2	379.20	758.40
Bib tap nose palesa	2	320.80	641.60
Connector cp brand	20	256.22	5,124.40
Rose shower cobra	6	565.22	3,390.00
Round tube 50x 3m	150	410.72	43,125.60
Netting shade blue 50m	18	3,871.50	69,125.60
Industrial socket	15	112.40	1,686.00
Fluorescent fitting double	10	1,139.66	11,396.60
Roll 100m 2.5 twin	25	1,363.44	34,086.00
S/ply grade A	31	605.00	18,755.00
Masonite board	23	220.85	5,079.55
30m x 1.8 x 75x 2.5	3	2,150.00	6,450.00
1.2m pedestrian gate	1	1,420.00	1,420.00
6m x 1.8 double leaf	2	1,950.00	3,900.00
Roll 100m earth cable	1	1,363.44	1,363.44
Tap pillar basin	15	330.00	4,950.00
			262,683.39

90.12. Undelivered Items

Moreover, I reported that electrical items valued at E43, 505.10 were purchased from T&S Enterprises on order SG 97001392. According to invoice number 2676 dated 19th September 2016, one hundred and fifty (150) round tubes valued at E43 125.60 and ten (10) nail round wire rolls amounting E379.50 were ordered. However, delivery note number 7281 dated 19th September 2016 indicates that only 105 round tubes were delivered and the round nail wires were not delivered at all. The delivery note was signed by employee number 39822381 who is a store man, to acknowledge delivery, yet the ordered items were partly delivered, resulting in electrical material worth E18, 861.90 being not delivered.

90.13. Transport mileages without authorization

I noted that the assigned Ministry's Transport Officer/ Head of department did not authenticate trips made by officers/drivers of the Ministry. Unauthorized trips may result to government vehicles being used for personal use at the tax payers' expense.

Stores Regulations Part II, 1108 stipulates that all trips should be approved by a Department Transport Officer.

The following mentioned vehicles were used without the approval of the Departmental Transport Officer.

SDG021HA

Date	Mileage Without authorization	Variance(KM)
07/04/2015		
09/04/2015	035583-035620	263
25/05/2015		
12/062015	43313-43370	57
08/07/2015		
15/07/2015	46151-46366	215
16/09/2015		
18/09/2015	53658-53814	156
06/11/2015		
09/11/2015	57449-57466	17
27/11/2015		
30/11/2015	59048-59159	111
09/12/2015		
12/01/2016	59821-59984	163
17/02/2016		
23/02/2016	62598-62640	42
04/03/2016		
07/03/2016	63195-63827	632
01/04/2016		
05/04/2016	65078-65910	832
08/04/2016		
11/04/2016	66428-66950	522
18/04/2016		
19/04/2016	68661-69450	789
26/04/2016		
17/06/2016	71036-73421	2385
21/06/2016		
30/06/2016	73440-73590	150
30/06/2016		
04/07/2016	74397-74658	261
21/07/2016		
15/08/2016	75968-76668	700
31/01/2017		
27/02/2017	85870-86433	563

SDG079 HA

Date	Mileage Without authorization	Variance(KM)
13/09/2016		
10/10/2016	108379-110975	2596
26/01/2017		
30/01/2017	122363-122695	332

90.14. Use of Cell phones in excess of set limits

In my report, the attention of the Controlling Officer was drawn to the payment of E 29 563.86, which was paid by government in respect of excess mobile phone costs beyond the set monthly limits in the financial years 2015/2016 and 2016/2017.

According to Establishment Circular No.2 of 2010 Paragraph III A (vii), any excess of set limits at the end of the government financial year will be settled by the handheld gadget user.

The payments made were as follows:

2015/2016
Cell No.76063907

Month	Circular Limit (E)	Amount Paid (E)	Excess (E)
April	3000.00	5216.84	(2216.84)
May	3000.00	2447.33	552.67
June	3000.00	3837.14	(837.14)
July	3000.00	2061.26	938.74
August	3000.00	3737.71	(737.71)
September	3000.00	2551.04	448.96
October	3000.00	6561.08	(3561.08)
November	3000.00	3407.82	(407.82)
December	3000.00	2082.02	917.98
January	3000.00	2268.12	731.88
February	3000.00	2476.39	523.61
March	3000.00	2184.67	815.33
Total			(2831.42)

Cell No. 76063912

Month	Circular Limit (E)	Amount Paid (E)	Excess (E)
April	2000.00	2587.85	(587.85)
May	2000.00	2050.28	(50.28)
June	2000.00	4701.41	(2701.41)
July	2000.00	2776.70	(776.70)
August	2000.00	2073.57	(73.57)
September	2000.00	3455.89	(1455.89)
October	2000.00	2150.75	(150.75)
November	2000.00	2669.14	(669.14)
December	2000.00	1603.98	396.02
January	2000.00	1551.99	448.01
February	2000.00	1525.96	474.04
March	2000.00	3358.59	(1358.59)
Total			(6 506.11)

Cell No. 76063919

Month	Circular limit (E)	Amount Paid (E)	Excess (E)
April	1500.00	1596.88	(96.88)
May	1500.00	1346.85	153.15
June	1500.00	1813.47	(313.47)
July	1500.00	1642.21	(142.21)
August	1500.00	1475.21	24.79
September	1500.00	1812.76	(312.76)
October	1500.00	1565.21	(65.21)
November	1500.00	1837.51	(337.51)
December	1500.00	1984.06	(484.06)
January	1500.00	1863.90	(363.90)
February	1500.00	1811.88	(311.88)
March	1500.00	1813.98	(313.98)
Total			(2,563.92)

Cell No. 76063920

Month	Circular Limit (E)	Amount paid (E)	Excess (E)
April	2000.00	3289.34	(1289.34)
May	2000.00	2905.81	(905.81)
June	2000.00	5896.42	(3896.42)
July	2000.00	2439.45	(439.45)
August	2000.00	3007.41	(1007.41)
September	2000.00	11495.13	(9495.13)
October	2000.00	1736.94	263.06
November	2000.00	2715.38	(715.38)
December	2000.00	1963.86	(36.14)
January	2000.00	1854.51	145.49
February	2000.00	2185.69	(185.69)

Month	Circular Limit (E)	Amount paid (E)	Excess (E)
March	2000.00	2201.07	(201.07)
Total			(17,763.29)

2016/2017
Cell No. 76063919

Month	Circular limit (E)	Amount Paid (E)	Excess (E)
April	1500.00	1805.50	(305.50)
May	1500.00	1817.64	(317.64)
June	1500.00	1675.82	(175.82)
July	1500.00	199.50	1300.50
August	1500.00	1745.60	(245.60)
September	1500.00	1992.93	(492.9)
October	1500.00	1972.10	(472.1)
November	1500.00	1983.11	(483.11)
December	1500.00	1968.45	(468.45)
January	1500.00	2109.32	(609.32)
February	1500.00	1939.87	(439.87)
March	1500.00	1941.42	(441.45)
Total			(E3,151.29)

2016/2017
Cell No. 76063920

Month	Circular limit (E)	Amount Paid (E)	Excess (E)
April	2000.00	2394.48	(394.48)
May	2000.00	2284.02	(284.02)
June	2000.00	1934.43	65.57
July	2000.00	1157.37	842.63
August	2000.00	1664.19	335.81
September	2000.00	1516.55	483.45
October	2000.00	2211.65	(211.65)
November	2000.00	2940.11	(940.11)
December	2000.00	2996.24	(996.24)
January	2000.00	2520.23	(520.23)
February	2000.00	2363.62	(363.62)
March	2000.00	2013.46	(13.46)
Total			(1,996.35)

2016/2017

Cell No. 76063914

Month	Circular limit (E)	Amount Paid (E)	Excess (E)
April	1500.00	1577.10	(77.10)
May	1500.00	1941.15	(441.15)
June	1500.00	1303.66	196.34
July	1500.00	450.30	1049.70
August	1500.00	1258.30	241.70
September	1500.00	1750.45	(250.45)
October	1500.00	1935.79	(435.79)
November	1500.00	1980.33	(480.33)
December	1500.00	1662.26	(162.26)
January	1500.00	1403.26	96.74
February	1500.00	1550.54	(50.54)
March	1500.00	2011.62	(511.62)
Total			(824.76)

Grand Total

E29, 563.86

The Controlling Officer did not respond to the concerns raised, thus violating Financial and Accounting Instruction 0315 (ii) which requires Controlling Officers to respond promptly to any queries addressed to them by my Office.

91. Unauthorized Over Expenditure on Recurrent Vote

Over expenditures beyond the budget provision and beyond amounts that have been appropriated by Parliament are illegal and clearly violate the Appropriation Act as well as Financial and Accounting instruction 0202 (ii).

Notwithstanding the stipulation of the above stated laws, the Controlling Officer spent public funds that were not budgeted for and such expenditure was not authorized by Parliament. The over expenditure was as follows:

Head	Item	Released Budget (E)	Actual/Committed Expenditure (E)	Over Expenditure (E)	Over Expenditure (%)
50	CTA Vehicle Charges	5,481,234	19,736,075.57	14,467,841.57	264

The Controlling Officer did not furnish me with any authority that allowed disbursement of public funds beyond the budget provision and the Appropriation Act of 2017.

The Controlling Officer did not respond to the concerns raised, thus violating Financial and Accounting Instruction 0315 (ii) which requires Controlling Officers to respond promptly to any queries addressed to them by my Office.

HEAD: 53 PUBLIC WORKS AND TRANSPORT

Objectives:

To provide and maintain the national physical infrastructure.

92. Audit Inspection – Capital Project H31199 Construction of Lubombo Regional Hospital Phase 1 Package D

An audit inspection was conducted on the above capital project and a report dated 8th June 2017, referenced P20CP/71 was issued to the Controlling Officer, Ministry of Public Works and Transport.

92.1. Non-completion of works by the contractor.

In my memorandum, I raised my concern over the non-completion of the project by the engaged contractor, Khula Construction (Pty) Ltd, whose services were eventually terminated through a letter of termination dated 15th December, 2016. This was after it had emerged that, the contractor had abandoned the construction site due to failure to continue with the construction works. The project was to be completed within a stipulated construction programme of 12 calendar months commencing 21st April, 2015 to 18th March, 2016.

However, the Controlling Officer did not subject the contractor to a penalty, due to government, for failing to complete the works within the agreed timeframe. This was despite that the principal agent had informed the Controlling Officer in a letter referenced APM/C09/19 and dated 25 November 2016, that the contractor was liable to the Government for the penalty for non-completion of works at the rate stated in clause 29.0 of the principal building agreement for contract No 33/2014/2015. This deprived the government of revenue amounting to E275, 000, arising from the breach of the Agreement. This amount is based on eleven (11) absconded working calendar weeks, commencing from the revised practical completion date of 19th August 2016 up to 7th November 2016, the date of notice for cancellation of contract.

Clause 29.1 of the Principal Building Agreement states that the Penalty for Non-completion, where the contractor fails to bring the works to practical completion on the date stated in the schedule, the contractor should be liable to the employer for the penalty per calendar day for non-completion of the works at the rate stated in the schedule which is E 25 000.00 per calendar week.

The Controlling Officer, in a response referenced WC/53 and dated 20th June 2017, stated that the non-completion of the works was due to inadequate allocation of funds for the project. He further argued that it becomes impossible to enforce

contractual obligations when the employer becomes the first to breach the contract.

He concurred that the contractor absconded the site in July 2016 but argued that a penalty for delayed completion at E25, 000.00 per calendar week applies when the contract requirements have been met, based on the timelines between the agreed completion date and the actual completion date.

However, I am not satisfied with the Controlling Officer's argument, as contractual commitment should have been based on budget allocation. The sanction of the Tender Board, referenced F21/35A/752 dated 10th February, 2015, indicates that the contractor was awarded a contract sum of E 24,097,647.12, in respect of the above mentioned project, whereas the budget allocation for 2014/2015 fiscal year was E9,000,000.00. This implies that the Controlling Officer should not have signed a contract on 2 March 2015 without first having gone through negotiations with the contractor on the terms of payment, in view of the insufficient budget allocation.

If the employer, as represented by the Ministry of Public Works and Transport, was in breach of contract, the contractor had the legal option of instituting contract cancellation proceedings in line with section 39.0 of the agreement, as opposed to abandoning the site. I therefore maintain that the failure by the Controlling Officer to perform his responsibility to subject the contractor to the penalty, deprived the Government of due revenue amounting to E275, 000.00.

92.2. Advance payment of E 6, 296, 674.35.

I also raised concern over an unrecovered advance payment of E 6, 296, 674.35 which was paid to the contractor for construction site mobilization without following the internationally recognized conditions for construction projects. Clause 14.2 of the 'regulated documents for building and engineering works' states that the total advance payment, the number and timing of instalments and applicable currencies and proportions, should be stated in the contract document.

It is therefore not understood how the contractor was given the advance payment as it is not included in the signed contract. A separate agreement or addendum to the signed contract was not availed to me, and therefore the advance payment was not in accordance with the contract.

In the same memorandum mentioned above, I informed the Controlling Officer that I was not provided with documentation which proves that deductions against the advance were made in each certificate and shown in payment vouchers together with the account to be credited. As a consequence, payments were not made in accordance with the agreement.

Financial and Accounting number 0813 (ii), states that when work is done under an agreement or contract, there should be attached to the payment voucher, a certificate that the payments are in accordance with the terms of the contract or agreement, and that work has been properly carried out.

It is alarming that the advance payment was not recovered progressively in each interim payment certificate as expected until the contract for the works was terminated.

This further violated financial and accounting instruction number 0817 which states that a deduction from the payment certificate should be shown on the payment voucher together with the account to be credited.

There is a risk that taxpayer's money may not be recovered as the advance payment bond cover, from Lidwala Insurance Company, had elapsed on the 30th September, 2016. Hence the Government suffered a loss. This loss should be recovered and action taken against those responsible. Financial and Accounting Instruction number 0204 (ii) states that if at any time there is a loss of public moneys by reason of neglect or fault of any officer, he will be liable to be surcharged with the amount, and any sums due to him by Government may be withheld in satisfaction of such surcharge.

The Controlling Officer in his response stated that the professional team made numerous calls to the contractor to submit an updated advance payment bond, unfortunately, the contractor could not honour that obligation. This response is not satisfactory because deductions should have been made in interim payments certificates and only as a last resort would recoveries be made from the insurance bond.

93. Unauthorized Over Expenditure on Recurrent Vote

Over expenditures beyond the budget provision and beyond amounts that have been appropriated by Parliament are illegal and clearly violate the Appropriation Act as well as Financial and Accounting instruction 0202 (ii).

Notwithstanding the stipulation of the above stated laws, the Controlling Officer spent public funds that were not budgeted for and such expenditure was not authorized by Parliament. The over expenditure was as follows:

Head	Item	Released Budget (E)	Actual/Committed Expenditure (E)	Over Expenditure (E)	Over Expenditure (%)
53	CTA Vehicle Charges	51,509,271	63,566,249.03	12,068,478.03	23.4

The Controlling Officer did not furnish me with any authority that allowed disbursement of public funds beyond the budget provision and the Appropriation Act of 2017.

94. Under Expenditure on Project G50099 – Rehabilitation of Government Houses VI

Under expenditures are as serious as over expenditures in that if funds are locked up and not utilized it retards the development and economic growth of a country.

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

An amount of E65,000,000.00 was approved and E17,197,926.00 released for the implementation of the above-mentioned project. However, actual expenditure amounted to E15,555,205.03 resulting to an under expenditure of (E17,197,929.00 – 15,555,205.03) E1,642,720.97(10%)

Project Name	Approved Estimate	Funds released	Actual expenditure	Variance
G50099 Rehabilitation of Government Houses VI	65,000,000.00	17,197,929.00	15,555,205.03	1,642,720.97

The Controlling Officer is expected to explain these savings and further update me on the current status of the projects.

95. Audit of the CTA Trading Account (Appendix 44)

An audit inspection of the CTA Trading account (Appendix 44) was carried out at the Central Transport Administration (CTA). The trading account was established to keep the Government fleet operating and providing the necessary service to all Ministries and Departments. This includes the maintenance and replacement of vehicles, plants and equipment.

In my memorandum referenced C49. Vol. II/9, dated 29 December 2017, my observations were brought to the attention of the General Transport Manager and copied to Controlling Officer, Ministry of Public Works and Transport. However, the Controlling Officer did not respond to my concerns.

95.1. Absence of Approved Budget

An audit of the CTA Trading Account, Appendix 44, showed an expenditure amounting to E528, 044,793.66 that was incurred in 2016/2017, but was without an approved budget. The Central Transport Administration has been incurring expenditure through requests made by the Ministry of Public Works and Transport to the Ministry of Finance, which then releases funds without issuing Warrants.

The budget to operate the trading account was also not sanctioned by Parliament, through an appropriation Act, and it was also not included in the budget of the Ministry of Public Works and Transport, making it difficult to hold the CTA management accountable for a budget that they do not control. This may result in Government spending more money on items that are not Government priority.

Since trading accounts have a commercial orientation, there was no way the CTA could be evaluated, in terms of financial performance, to determine whether the CTA provides returns on Government's investment, from its trading activities or whether it is becoming a financial drain on public funds. Normally, ministries are not required to submit Trading Account budgets to the Planning and Budget Committee (PBC), except for the CTA. A budget is a very important control tool used by organizations in creating a spending plan and also ensuring that there will always be funds available to run its activities.

Paragraph 9.12 of the Financial Management and Accounting Procedures Manual provides specific guidance that the Ministry of Public Works and Transport should submit CTA Trading Account budgets to the Planning and Budget Committee (PBC). Thus, there was no reason why the Controlling Officer had not been complying with regulation 0101 of the Financial and Accounting Instructions of 1970, which states that it is the responsibility of the Controlling Officer to submit estimates for the ensuing year as well as revised estimates for the current year.

95.2. Fuel on hand - Dormant bowsers

I also noted during the audit that a total of 1,756,303.40 litres of fuel, amounting to E19, 530,275.28 were not accounted for by CTA. The fuel was kept in suspended bowsers. The Controlling Officer did not forward a list of dormant bowsers showing fuel surplus, to the Accountant General, who shall then instruct the stock verifiers to examine the amount of fuel left in the bowsers.

All Government Bowsers are registered and monitored through the Government Computer System. The system records quantities purchased, quantities sold and quantities remaining. According to a Bowser Register report, extracted from the Government System administered by the CTA, about 18 suspended bowsers had a certain amount of fuel unsold. I am concerned that by its nature, fuel is an attractive

item of stores which may be subject to abuse or theft if not properly accounted for and controlled.

The following are bowzers as reported in the Government system.

Bowser No. & type of fuel	Capacity	Accumulated litres	Accumulated issues	Litres on hand	Current Unit Price (E)	Total Amount (E)	Location of bowser
108 diesel	4500.00	0.00	615.00	1318.00	11.07	14,590.26	SCOT Mbabane
109 diesel	11000.00	13640.00	43941.00	78532.00	11.07	869,349.24	SCOT Mbabane
117 b	4500.00	2672.00	4643.00	10020.00	11.17	111,923.40	Bulembu Police
132 diesel	4500.00	3640.00	18713.00	31569.00	11.07	349,468.83	Mzimnene Roads
202 diesel	1100.00	0.00	58185.00	58185.00	11.07	644,107.95	Phonjwane Unit
207 b	4500.00	0.00	4483.00	4483.00	11.17	50,075.11	Mnz...Health Care
223 d	11000.00	56889.00	287770.00	470314.00	11.07	5,206,375.98	Mbekelwe LD Unit 4
229 diesel	4400.00	4248.00	36470.00	58196.00	11.07	644,229.72	Mankayane Roads
232 diesel	8800.00	33725.00	75008.00	113908.00	11.07	1,260,961.56	Sandlane Roads
240 diesel	4400.00	2827.00	10661.00	11384.00	11.07	126,020.88	Mpisi Roads Camp
248 diesel	4400.00	0.00	835.00	2711.00	11.07	30,010.77	Malkerns Multiproject
256B	9000.00	2717.00	29001.00	51694.00	11.17	577,421.98	Manzini police headqtrtes
264 diesel	2200.00	941.00	2456.00	7403.00	11.07	81,951.21	Gcina youth camp
267 diesel	4400.00	358.00	3175.00	7448.00	11.07	82,449.36	Mankayane buildings
265 d	4500.00	0.00	8389.00	12738.00	11.07	141,009.66	Mdvutjane roads
280d	4500.00	1019.00	17871.00	22631.00	11.07	250,525.17	Matsapha airport
281 b	4500.00	4024.00	19732.00	37235.00	11.17	415,914.95	Matsapha airport
301 diesel	4500.00	226.00	0.00	1364.00	11.17	15,235.88	Nhlangano Roads
307 diesel	2200.00	0.00	806.00	806.00	11.17	9,003.02	Gege Dairy Farm
314 diesel	1100.00	28876.00	36375.00	81468.00	11.17	909,997.56	Nhlangano Roads
326 diesel	15400.00	0.00	62792.00	114177.00	11.17	1,275,357.09	Mpatheni LD Unit2
338 diesel	4400.00	3780.00	11872.00	17728.00	11.17	198,021.76	Moti Roads Camp
340 diesel	4400.00	0.00	8787.00	16811.00	11.17	187,778.87	Kubuta Roads Camp

Bowser No. & type of fuel	Capacity	Accumulated litres	Accumulated issues	Litres on hand	Current Unit Price (E)	Total Amount (E)	Location of bowser
343 diesel	4400.00	7158.00	34065.00	45562.00	11.17	508,927.54	Moihoek Roads Camp
345 diesel	13200.00	23762.00	57829.00	101221.00	11.17	1,130,638.57	Lubuli Roads Camp
348 diesel	4400.00	4236.00	18475.00	29932.00	11.17	334,340.44	Hluthi Roads
349 diesel	8800.00	13072.00	31329.00	84953.00	11.17	948,925.01	Holding Ground Lavumisa
371 diesel	8800.00	0.00	11912.00	11912.00	11.17	133,057.04	Phonjwane Unit
401 diesel	4500.00	2422.00	3131.00	3131.00	11.17	34,973.27	Tshaneni Roads
434 diesel	4400.00	5994.00	13681.00	21329.00	11.17	238,244.93	Big Bend Roads
470 diesel	2200.00	0.00	211.00	211.00	11.17	2,356.87	Mpaka Geology
471 diesel	15400.00	5977.00	16442.00	28712.00	11.17	320,713.04	Big Bend Geology
999 b	10000.00	8424.00	50668.00	91506.40	11.17	1,022,126.49	Private Garages
999 diesel	10000.00	0.00	0.00	79.00	11.17	882.43	Private Garages
283b	4500.00	11738.00	38920.00	125632.00	11.17	1,403,309.44	Mankayane DC
Total		242,365.	1,019,243.00	1,756,303.4		19,530,275.28	

As the fuel was reported to be usable, I am concerned that there were no supervisors at CTA fuel stations, whose duty is to render returns of serviceable stores, in excess of requirements, to their Head of Department. This implies there were weak controls in the fuel management environment.

Furthermore, the Head of Department has not been demanding submission of the returns so that he could decide the minimum and maximum levels of fuel stock holdings in accordance with regulations 0211 (1) and 0212 of the Stores Regulations, Part 1 of 1975. The bowser register report is updated by sales returns from the respective stations. The balances of the fuel report showed that the remaining fuel was not sold, hence no returns were submitted and captured into the system.

Consequently, the number of litres on hand exceeded bowser capacity, which means that the bowsers were replenished a number of times without submitting returns to CTA headquarters to account for the fuel. Alternatively, the unused /surplus fuel stores should have been transferred for use elsewhere in terms of the regulation 0211 (2) of the Stores Regulations, Part 1 of 1975, instead of being abandoned for a number of years.

I reported to the General Transport Manager and the Controlling Officer that there was no plan in place on how this fuel will be reported on and utilised.

95.3. Variances on professional Services – Item 04

I noted that the expenditure on item 04, Professional Services, had been overstated by E201, 541.46 in the CTA Trading Account (Appendix 44) for the year ended 31 March 2017. The Government Accounting system, under application AA220, from month 1 to month 13, reported an amount of E103,518,652.00 whereas the Trading Account reported an amount of E103, 720,103.46, leading to the variance of E201,541.46. Transactions under AA220 are supported by source documents in payment vouchers and adjustment vouchers. Hence the expenditure of E201,541.46 was not justified.

Another concern is that if this misstatement is not adjusted within the accounting period ending 31 March each year and the adjustment period of 6 months after the year end, the double entry accounting system is not completed, thus distorting balances in the Treasury Annual Accounts.

The attention of the General Transport Manager and the Controlling Officer was drawn to the matter. In a memorandum referenced TR/16/17/FIN STAT, dated the 4th January 2018, the Accountant General confirmed the variance and assumed that the error was attributed to accruals and adjustments made in accounting month 13.

According to the Financial and Accounting Instruction of 1970, paragraph 0202 (vii) states that the Controlling Officer should ensure that his accounts are reconciled with Treasury records each month.

At the time of writing this report the Controlling Officer had not yet responded to my observations, thus violating Financial and Accounting Instruction number 0315 (ii) which states that it is the duty of all accounting officers to reply promptly to any queries addressed to them, giving full particulars or information disered.

96. Under Expenditure on Project T35199-Institutional Support to Roads Department

Under expenditures are as serious as over expenditures in that if funds are locked up and not utilized it retards the development and economic growth of a country.

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

An amount of E1,000,000.00 was approved and E1,163,767.00 released for the implementation of the above-mentioned project. However, actual expenditure amounted to E1,009,738.36, resulting to an under expenditure of (E1,163,767.00 – 1,009,738.36) E154,028.64 (13%)

Project Name	Approved Estimate	Funds released	Actual expenditure	Variance
T35199 Institutional Support to Roads Department	1,000,000.00	1,163,767.00	1,009,738.36	154,028.64

The Controlling Officer is expected to explain these savings and further update me on the current status of the projects.

97. Over Expenditure on Project T45599 – Construction of Link Road to Sikhuphe International Airport

Expenditure in excess of budget provision and released funds is illegal in that it distorts the fiscal budget of a country.

This is supported by Financial and Accounting Instructions 0202 (ii) and 0401 which disallow expenditure in excess of funds released.

An amount of E164,000,000.00 was approved and E161,232,883.00 released for the implementation of the above-mentioned project. However, actual expenditure amounted to E177,497,744.19 resulting to an over expenditure (E161,232,883.00 – 177,497,744.19) (E16,264,861.19) (10%)

Project Name	Approved Estimate	Funds released	Actual expenditure	Variance
T45599 Construction of Link Road to Sikhuphe Intl. Airport	164,000,000.00	161,232,883.00	177,497,744.19	(16,264,861.19)

The Controlling Officer is expected to explain the authority that allowed him to spend beyond the released funds and further update me on the current status of the project.

98. Under Expenditure on Project T36299 – Road Safety Improvements

Under expenditures are as serious as over expenditures in that if funds are locked up and not utilized it retards the development and economic growth of a country.

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

An amount of E1,761,602.00 was approved and released for the implementation of the above-mentioned project. However, actual expenditure amounted to E1,245,120.93, resulting to an under expenditure of (E1,761,602.00 – 1,245,120.93) E516,481.07 (29%)

Project Name	Approved Estimate	Funds released	Actual expenditure	Variance
T36299 Road Safety Improvements	2,400,000.00	1,761,602.00	1,245,120.93	516,481.07

The Controlling Officer is expected to explain these savings and further update me on the current status of the projects.

HEAD: 56 SPORTS, CULTURE AND YOUTH AFFAIRS

Objectives:

To ensure Youth Development through promotion of Sports, Arts and Cultural activities so as to address the socio-economic challenges faced by the youth.

99. Audit of Revenue and Expenditure

An audit of the recurrent expenditure was conducted for the financial year ended 31st March 2017. In my memorandum referenced S22/Vol. I/58, dated 22nd December 2017, I brought to the attention of the Controlling Officer the following anomaly. However, the Controlling Officer did not respond, and therefore the matters raised herein this report are reportable.

99.1. Unaccounted for revenue - gate takings and vendors' fees

I drew the attention of the Controlling Officer to revenue collections of 10% of total gate takings and vendors' fees, at E50-00 per vendor for the use of Somhlolo National Stadium facilities that was not accounted for. Supporting source documents were not availed for audit inspection. The documents which were not availed for the audit included stadium bookings, gate takings and vendors' fees, revenue reports, ticket registers, sold and unsold tickets; stadium fixtures, vendors' applications, and other documents that were used during the collection of revenue.

I further reported that records of deposits of gate takings and vendor fees, from January 2017 to March 2017, were not availed for audit inspection. As such I could not ascertain the revenue due to Government in respect of gate takings and vendor fees, and whether the deposits were complete and correct.

I also advised the Controlling Officer about my concerns that the revenue due to Government could be understated, and that separate tickets from the ones included in the list as tickets, may have been sold. This is because the officers from the Ministry did not physically inspect the tickets sold but merely relied on the list of tickets from the Office of Premier League Swaziland (PLS).

Some of the tickets to be sold had duplicated sequence numbers showing the same Stadium entry fees and only distinguished by different colours. Furthermore, since the fixture list was not availed to the Ministry, it is possible that some games were played at the national stadium without the knowledge of the Ministry.

The trend indicates that it is unlikely to have no collections in the period of January to April each year. Thus, collections were expected from 1 April 2016 to 28 April 2016 and also in the period beginning January 2017 to March 2017.

Furthermore, I could not authenticate the accuracy of the deposits made from 29 April 2016 to 30 December 2016. The table below is an extract of deposits made from collectors' receipts for the period between 29 April 2016 to 30 December 2016, which excludes 1st April to 28 April 2016 and January 2017 to March 2017: -

Unverified Deposits - 29 April 2016 to 30 December 2016

Date	Collectors #	GR Numbers	Amount (E)
29/4/2016	176537	6575632-6575633	1,953.00
9/5/2016	176565	6575646-6575666	45,243.00
16/5/2016	176575	6575667-6575673	6,193.10
23/5/2016	176593	6575674-6575674	1,500.00
6//6/2016	176628	6575675-6575686	9,258.80
8/6/2016	176635	6575687-6575687	1,000.00
16/6/2016	176656	6575691-6575691	1,000.00
27/6/2016	176682	6575694-6575695	3,000.00
28/6/2016	176687	6575696-6575696	2,000.00
5/7/2016	176705	6575697-6575699	4,500.00
19/7/2016	176741	6575700-6575700	3,500.00
21/7/2016	176749	6612501-6612501	500.00
26/7/2016	176758	6612502-6612503	2,000.00
27/7/2016	176761	6612504-6612506	2,500.00
29/7/2016	176767	6612507-6612507	1,000.00
8/8/2016	176790	6612508-6612512	86,775.00
11/8/2016	181105	6612513-6612513	2,000.00
16/8/2016	181117	6612514-6612514	1,000.00
22/8/2016	181137	6612515-6612552	28,185.00
22/8/2016	181137	6612553-6612579	1,350.00
26/8/2016	181146	6612580-6612581	1,500.00
30/8/2016	181147	6612582-6612600	27,822.00
30/82016	181147	6767301-6767318	900.00
5/9/2016	181164	6767319-6767319	1,500.00
7/9/2016	181166	6767320-6767321	1,058.00
12/9/2016	181176	6767323-6767360	24,247.00
22/9/2016	181200	6767361-6767362	2,000.00
26/9/2016	181205	6767364-6767400	32,951.00
29/9/2016	181213	6772809-6772809	1,000.00
3/10/2016	181227	6772810-6772823	12,375.00
5/10/2016	181233	6772824-6772824	1,000.00
6/10/2016	181237	6772825-6772825	1,500.00
10/10/2016	181248	6772826-6772847	12,541.00
12/10/2016	181252	6772848-6772855	5,577.00

Date	Collectors #	GR Numbers	Amount (E)
13/10/2016	181262	6772856-6772862	8,502.00
14/10/2016	181265	6772863-6772864	1,720.00
17/10/2016	181271	6772865-6772881	13,027.00
18/10/2016	181272	6772882-6772882	1,500.00
19/10/2016	181277	6772883-6772890	2,381.00
20/10/2016	181280	6772891-6772897	6,229.00
21/10/2016	181282	6772898-6772899	1,746.00
24/10/2016	181292	6772900-6772900	2,000.00
24/10/2016	181292	6794301-6794311	6,120.00
25/10/2016	181297	6794312-6794312	10,500.00
28/10/2016	181308	6794313-6794314	2,500.00
31/10/2016	181311	6794315-6794335	6,882.00
04/11/2016	181325	6794336-6794339	5,095.00
07/11/2016	181324	6794340-6794347	6,371.00
10/11/2016	181338	6794348-6794351	2,948.00
14/11/2016	181345	6794352-6794368	12,726.00
16/11/2016	181352	6794369-6794370	1,515.00
17/11/2016	181355	6794371-6794375	3,779.00
21/11/2016	181364	6794376-6794381	5,971.00
25/11/2016	181374	6794382-6794382	1,500.00
28/11/2016	181382	6794383-6794400	19,957.00
28/11/2016	181382	6833301-6833301	1,000.00
01/12/2016	181391	6833302-6833303	1,758.00
06/12/2016	181400	6833304-6833306	3,726.00
12/12/2016	181416	6833307-6833322	14,336.00
30/12/2016	181455	6833323-6833323	3,000.00
Total			477,217.90

I am concerned that the above receipts were not collected by regular revenue officers but their collection was entirely devolved to the Office of the Premier League of Swaziland, thus adjudicating revenue officers' duty to control and monitor revenue collections in accordance with Financial and Accounting Instruction 0502. This financial regulation requires revenue officers to check the casts of revenue collections, check classification and examine all unused receipts and receipt books to ensure that no unauthorised receipts have been issued.

Hence, this anomaly was a result of the Controlling Officer delegating the responsibility of revenue collection to the Office of Premier League Swaziland (PLS) without establishing a monitoring and control system, hence leading to poor record keeping and lack of accountability.

The Controlling Officer should have taken full responsibility to ensure that revenue due to government was complete and correct, and having its own monitoring systems in place, instead of completely relying on the Office of Premier League Swaziland (PLS). Further, all revenue collected should be reconciled with all the relevant source documents such that any discrepancies would be easily identified and addressed, promptly.

Vendors should request authority to sell their wares before the scheduled games and after authority has been granted, they should be required to pay the fee at government revenue offices whereby a copy of the receipt would be submitted to the Ministry.

In his response reference SCYA/029, dated 22nd January 2018, the Controlling Officer stated that all the identified gaps have been noted and the Ministry has been prompted to undertake strategies and mechanisms for operating Somhlolo National Stadium. The Ministry only provided a typed table depicting receipt numbers but did not provide copies of the General Receipts.

The response from the Controlling Officer is unsatisfactory, since it did not address the audit findings raised, particularly the unaccounted for revenue collected from gate takings and vendors fees. The supporting documents were not availed to authenticate the remittance of revenue due to Government. The documents include Stadium bookings and fixtures, tickets registers, sold and unsold tickets, vendors applications, revenue reports of gate-takings and vendors fees, and other relevant documents.

The Ministry has not offered any assurance that amounts lost through duplicated tickets will be recovered and how. Also, the Ministry is not outlining how this will be avoided in future, what systems controls will be implemented to curb such occurrences.

The Ministry has not provided evidence of any improvements that will be made in future, such as monitoring systems to monitor the operations of Premier League Swaziland (PLS), or controls to ensure that government monies are not misappropriated and revenue due to government is not misallocated.

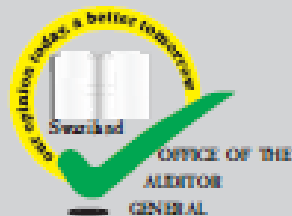
100. Unauthorized Over Expenditure on Recurrent Vote

Over expenditures beyond the budget provision and beyond amounts that have been appropriated by Parliament are illegal and clearly violate the Appropriation Act as well as Financial and Accounting instruction 0202 (ii).

Notwithstanding the stipulation of the above stated laws, the Controlling Officer spent public funds that were not budgeted for and such expenditure was not authorized by Parliament. The over expenditure was as follows:

Head	Item	Released Budget (E)	Actual/Committed Expenditure (E)	Over Expenditure (E)	Over Expenditure (%)
56	CTA Vehicle Charges	2,269,043	3,211,487.42	942,444.42	41.5

The Controlling Officer did not furnish me with any authority that allowed disbursement of public funds beyond the budget provision and the Appropriation Act of 2017.



SERVING PUBLIC INTEREST

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