Efficiency and Effectiveness in Public Sector Auditing: An Evaluation of the Comptroller and Auditor General's Performance in Zimbabwe from 1999 to 2012

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Abstract

The study examines the Government Auditing in Zimbabwe in particular the performance of the Comptroller and Auditor General. The study argues that the legislative framework has a bearing on the efficiency and effectiveness of the Comptroller and Auditor General's performance. Within this context, the study sought to achieve the following objectives: firstly, critical analysis of the relevant legislative framework and its bearing on the auditing of government accounts and secondly, identification and analysis of the causes and effects of inefficiencies and ineffectiveness of the Comptroller and Auditor General. The study revealed that the legislative framework has numerous loopholes. The Constitution of Zimbabwe; and the Public Finance Management Act Chapter 22:19 and Audit Office Act Chapter 22:18 that repealed the Audit and Exchequer Act Chapter 22:18 do not give the CAG's Office any sanction powers to compel Ministers, departments and other public agencies to observe and comply with the Treasury instructions. The following factors influence the independence of the CAG in Zimbabwe: appointment procedures, removal procedures, nature of tenure, financial autonomy and the ability to employ staff. In addition, the study notes that the current state of audits and reports is unsatisfactory. The CAG's Office could not produce annual reports for tabling during the period 2000 and 2007. The study revealed the following challenges being encountered by the CAG's office: gaps in the enabling legal instruments, unattractive remuneration, lack of sanction powers and budgetary constraints. The study's recommendations include changes in the appointment procedures of the CAG, amendment of the enabling legislation, improvement of the staffing and remuneration system which would enforce independence of the CAG.

Key words: Comptroller and Auditor-General, efficiency, effectiveness, legislation

Background of the Office of the Comptroller and Auditor-General in Zimbabwe

The Office of the CAG of Zimbabwe traces its origin to the institutions established in the colonial era. The Southern Rhodesia Order in Council of 1898 stated "Provision shall be made for full and sufficient audit once every year of the British South African Company relating to all sums received and all moneys expended''(Government of Southern Rhodesia 1898:IX). The order also stated that the CAG's audit must cover the following:

- The Consolidated Fund and the National Loans Funds;
- The Appropriation Accounts;
- Accounts of receipts to be paid into the Consolidated Revenue Fund and the accounts of the collecting departments;
- Internal accounts; and
- Operating accounts.

"Section 3 Accounts'': These are accounts audited under the Audit and Exchequer Act of 1898 section 3. They included the accounts of the government officials maintained outside the Consolidated Fund/Loans Fund system, for example, the Paymaster General's accounts at the Reserve Bank of Rhodesia (Southern Rhodesia Order in Council 1898; Part III, sections 2-6).

The Southern Rhodesia Order in Council of 1898 gave the CAG a statutory right of access to the financial records of departments and to other departments relating to accounts. The scope of the CAG audit included the following:

Financial and Regulatory Audit

A financial audit to ensure that systems of accounting and financial control are efficient and operating properly and those financial transactions have been correctly authorized and accounted for. A regulatory audit which verifies that expenditure has been incurred on approved services and in accordance with statutory and other regulations and authorities governing them.

Value for Money Audit

An examination of economy and efficiency, to bring to light examples of wasteful, extravagant or unrewarding expenditure, failure to maximize receipts or financial arrangements detrimental to the Exchequer and weakness leading to them

Effectiveness Audit

An examination to assess whether programmes or projects undertaken to meet established policy goals or objectives have met those aim'' (Command Paper; 7845(1903; 7).

The Southern Rhodesia Order in Council of 1915 ''provided for the appointment of an Auditor General with independent powers to examine all administrative revenue and expenditure and with authority to disallow payments made without proper authority except the Exchequer Account'' (http;//findarticles.com). The powers of the CAG include the following:

- *To have free access, at reasonable times, to records, books, vouchers, public moneys or state property;*
- *Search and extract information from any book, document or record in custody of a government officer;*
- *Examine, under oath, any person regarding the receipt/expenditure of public moneys, receipt/issue of any state property or other matters;*
- *Lay before the Attorney General a written case as to any questions, which require a legal opinion and raise a surcharge against the state employees or former state employees.*

In 1924, with the granting of self-governing status, the Audit and Exchequer Act provided an audit function. The Audit and Exchequer Act of 1967, and subsequent amendments, sets forth the requirements for the current office of the Comptroller and Audit General.

Organisation and staff of the CAG

The policy and overall operations of the Audit Office were "vested in the Policy Committee of the CAG, two Deputy Auditors General and Deputy Manager Parastatals'' (http;//findarticles.com).

The Policy Committee carried its work through "16 sections: 11 conducted financial audits and 3 conducted value for money audits'' (http://www.intosaiitaudit.org/mandates/writeups/zimbabwe.htm). In addition, the Information and Technology Section "manages the Computerisation of the office'' (ibid) and audits the computer systems in other government departments, and the training section coordinates and conducts in-house training.

"The Office of the Comptroller and Auditor General recruited the staff from the Public Service, University of Rhodesia and only whites were recruited'' (http://www.intosaiitaudit.org/mandates/writeups/zimbabwe.htm). The Office emphasised the need to obtain professional qualifications and some financial assistance were available for this purpose. Refresher courses, seminars and external courses were offered to ensure that experienced staff were kept up-to-date.

Performance of the CAG

Though the CAG was effective and efficient in discharging its constitutional mandates, it had no teeth to bite (Kavran Report 1989). It could only identify the irregularities, misappropriation of public funds and the abuse of public property but it could not take any action. The Kavran Report (1989; 118) points out that'' During the Unilateral Declaration of Independence (UDI), the CAG was largely toothless''. It further notes that the financial audits were never carried out between "1971 and 1979'' (ibid). The reasons for this state of affairs were that, the UDI Government was concentrating on the war. It was also fighting the economic sanctions. The Kavran Report (1989; 119) states also that during the UDI era the Comptroller and Auditor General'' never audited the expenditure of resources used to bust sanctions''.

However, the CAG worked closely with the Treasury and the Public Accounts Committee. The Permanent Secretaries were required to inform the Public Accounts Committee of unauthorised or irregular expenditure but literature consulted indicated that this rarely happened during the Unilateral Declaration of Independence. The CAG could note that expenditure exceeded appropriations approved by the Parliament but the Accounting Officers could disclaim responsibility for such actions, blaming ministers. The CAG could not do anything rendering the Office ineffective. During the UDI the ‘’audit coverage was unsatisfactory’’ (Kavran Report, 1989; 167). From 1980, the CAG has repeatedly complained about unsatisfactorily state of affairs in Government Ministries. The Kavran Report states that most of the difficulties experienced by Accounting Officers in the areas of financial administration result from a lack of competent and effective budgetary control. An inability to monitor and control changes to financial plans result in unauthorised or excess expenditure. The public concerns about financial irregularities and corruption prompted the 1998 Parliamentary Reforms. Financial indiscipline in the country had reached unprecedented levels. Fraud and corruption were literally institutionalised. Both the public and private sectors were involved in shoddy and dirty dealings.

In Zimbabwe, the legal framework comprises the Constitution and the Public Finance management Act [Chapter 22:19] and Audit Office Act [Chapter 22:18] that repealed the Audit and Exchequer Act Chapter 22:03. The Constitution of Zimbabwe, Section106 allows the President, after consulting the Public Service Commission (PSC) to appoint the CAG and remove the CAG from office. Effective auditing presumes that the CAG is independent from other agencies. This is not merely a legal issue, the CAG should be independent in terms of resources, staff appointments, and relationships with the bodies audited, the integrity of the staff and freedom to decide on a work programme. The CAG in Zimbabwe is deprived of these privileges (Kavran Report 1989). The Kavran Report states that the Audit and Exchequer Act Chapter 22:03 was the root of many challenges that the CAG used to face. The Audit and Exchequer Act creates a very “unnecessary bizarre distinction between financial and administrative auditing” (The Financial Gazette, March 18 – 25, 2010). This scenario originated in the formulation of the Audit and Exchequer Act, which only refers specifically to “financial matters”. This limitation is unjustified. Performance auditing is imperative for sound State governance.

Performance auditing ensures value for money to achieve the following:

i. efficiency – the relationship between input and output (spending well)
ii. Effectiveness – how well objectives are achieved
iii. Economy – minimizing the cost of activity (spending less) (Brown and Jackson, 1982:117).

Performance auditing provides managers and politicians with a “qualitative assessment” (Henly, 2004:118) of the manner in which public funds have been utilized, the final aim of performance auditing is to improve efficiency and effectiveness in the public service. However, Geist (1981:304) argues that issues and problems examined in performance audits are by definition “extremely sensitive” in that audit reviews the quality of the work performed by the senior civil servants and politicians. This underscores the necessity for “very firm political commitment and support” (Henly, 2004:133). If the political commitment waves when findings show inadequacies of government performance or policies (or both), it could not be meaningful to attempt to develop performance auditing. This was explicitly divulged by the CAG’s Audit report soon after the formation of the Inclusive Government. All the civil servants and politicians implicated for serious corruption were not sued. Prior to the formation of the Inclusive Government most Ministers, if not all “embarked on cannibalism and looting of state property such as laptops and motor vehicles” (The Financial Gazette, August 14 – 19, 2009). Furthermore, The Zimbabwe Independent (September 11 – 17, 2009) Eric Block Column carried an article entitled “Arrest Corruption Epidemic” echoed the same sentiments when he said “prior to the signing of the Global Political Agreement (GPA) asset stripping was institutionalized in Government.

The CAG is criticized by the public and the civil society for being inefficient and ineffective when it comes to discharging its duties (e.g Zimbabwe Coalition on debt and Development and Transparency International Zimbabwe as cited by The Financial Gazette, March 18 – 25 2010) and academics (Professor Geoffrey Feltoe, Public Law Department, UZ as stated in the Report of the Parliamentary Reform Committee, 1998). The media, both print and electronic, is saturated with stories of government corruption and failure to follow prescribed procedures. The present audit coverage is unsatisfactory. The performance auditing is at present practiced by the CAG only to a minor extent. The major contributing factor for this undesirable state of affairs is the legislative framework.

The CAG should not audit only “financial matters” as stipulated by the Audit and Exchequer Act. This study tries to unearth and unravel the causes of the absence of the value for money audits.

With this background, the study seeks to achieve the following objectives:

- To critically analyze the relevant legislative framework and its bearing on the auditing of government accounts.
- To identify and analyze the causes and effects of inefficiencies and ineffectiveness of the CAG and to suggest appropriate recommendations drawn from the research findings.

Methodological Framework

Both print and electronic media have done a remarkable job of reporting some of the performances and challenges the CAG has been facing. The study undertook documentary search and made use of the data collected. Both state controlled and independent media publications were searched for appropriate data for this study. Such documents were studied and analysed as part of the data for this study. Content analysis was utilised in order to give the collected data scholarly interpretation. The underlying political science concepts and principles were highlighted in the process. The study also identified and interviewed selected key informants: The Comptroller and Auditor General, Minister of Finance, Accountant General, The Public Accounts Committee members (Parliament), Transparency International (TI), academics, Reserve Bank of Zimbabwe, former Ministers of Finance, Permanent Secretary for the Ministry of Finance and the Anti-Corruption Commission. Deliberate sampling of these possible respondents was utilised to focus on primarily on those that had significant roles in different sectors of the economy.

The rationale for choosing these key informants includes:

- The Comptroller and Auditor General: Section 106 of the Constitution of Zimbabwe and Section 3 of the Audit and Exchequer Act 22:03 are in agreement that the CAG has the sole responsibility to ensure that public funds and state property are used as authorised by the Parliament. As such, the CAG furnished the researcher with the challenges faced in discharging the mandated duties
- Minister of Finance: the relations between the Treasury and CAG in terms of the accountability of public funds and state property
- Public Accounts Committee (PAC): PAC is “the single most important Parliamentary instrument for scrutinizing expenditure and calling departments to account for financial irregularity” (Report of the Parliamentary Reform Committee, 1998:53-54). The PAC usually considers matters brought to its attention by the CAG, though it can initiate its own inquiries. Targeting the PAC enabled the researcher to obtain rich information pertaining the performance of the CAG
- Transparency International Zimbabwe (TIZ): TIZ carries research on corruption, mismanagement of public funds, embezzlement of state funds and good governance practices. It furnished the researcher with information on the performance of the CAG and Zimbabwe’s current ranking at the international level
- Accountant-General Public Finance Management Act Chapter 22: 19 section 9(1) establishes the position of the Accountant-General answerable to the Secretary and its part of the Public Service. The Accountant-General’s Office maintains the government’s books of accounts, consolidates transactions by all Ministries and presents an analysis of budget performance every month in order to facilitate informed decision making. It manages the Public Finance management System (PFMS) which is a computerised accounting system that links the Treasury with the line Ministries. It complies financial returns for audit and subsequent publication in the CAG’s annual report
- Accounting Officers: they are required to prepare and submit financial returns pertaining to their Ministries or departments in accordance with Treasury Instructions. They are responsible for the preparation and submissions annual appropriation accounts and statements together with any explanation as directed by the Treasury. They are required to offer explanations or replies to observations raised by the CAG on the accounts of their Ministries
- Mr. Herbert Murerwa and Mr. Simba Makoni as former Ministers of Finance had relevant information pertaining to the management and controlling of state resources and propriety. Worked also with the CAG.

The researcher encountered several problems:

Some documents were only available to the researcher on condition that they were used in the official's office and not taken out or copied in any way. Such documents were difficult to cite in this study. Furthermore, there was considerable amount of information which bureaucrats considered to be classified and therefore not available to the researcher. The study intended to interview the former Ministers of Finance but the interviews could not take place. Mr Herbert Murerwa was reported to be out of the country on government business and Mr Simba Makoni's mobile phone was continually unreachable.

Conceptual framework

This section reviews the existing literature about the efficiency and effectiveness of the Comptroller and Auditor General in the auditing of Government's accounts in Zimbabwe. The key concepts namely, efficiency and effectiveness are also defined and operationalised within the context of this study. The British auditing system and South African auditing system are used as case studies in order to make comparative analysis. The effectiveness and efficiency of public sector auditing need sound accounting and internal control systems in place. The value for money (VFM) audits, as Butt and Palmer put, can be achieved by "planning, reporting upon and reviewing performance on the basis of clear, unambiguous statements of policy objectives or goals" (1985:9). The effectiveness, economy and efficiency (3Es) are an expression of the value for money with which all institutions, large and small, operate in the public sector. Parliament, Ministers, Permanent Secretaries, electors, councillors, ratepayers and all levels of management at both central and local level should be accountable for their actions.

Public sector accounting means that "those charged with drafting and/or carrying out policy should be obliged to give an explanation of their duties to their electorate" (Rutherford, 1983:199). Therefore, the Comptroller and Auditor General should make sure that public officials are accountable for their deeds through the Parliament. Regarding public accounting in Zimbabwe, the Public Accounts Committee (PAC) exercises the oversight function of the Parliament. The PAC representing Parliament itself is one of the main links in the chain of public accountability, the others being Government and the C and AG. The Committee has power to summon persons to appear before it for examination. An important element of public sector accounting is the need for "…adopting managerial practices that will promote the efficiency and effectiveness of non-commercial entities, by establishment of an appropriate budgetary framework" (Neald, 2006:33)

The foregoing definition recognizes that the majority of public expenditure is not primarily financed by charges to users but rather by budgetary appropriations. This is the notion of accountability that has led to the more "colloquial expression: Value for Money" (ibid). As Sir Edward du Cann, a former Chairman of the Public Accounts Committee, told the House of Commons in 1999"…the control of public expenditure is near the top of the charts recording the public interest" cited in (Neald, 2006:33).

The auditing systems relevant to Zimbabwe include "the Anglo-Saxon and the German-Scandinavian systems" (Kavran Report, 1989:55). The Zimbabwe financial and auditing system adheres to Anglo-Saxon model. The model was a trend setter to the Zimbabwean public sector auditing system. The issue of particular interest to Zimbabwe are "jurisdiction, independence, types of audit reports" (Kavran Report, 1989:57). The Kavran Report further notes that, the public and politicians want to be assured that public funds are well used. This prompted Brown and Jackson (2007:189) to argue that "value for money concept should be "developed and applied … to enhance effectiveness and efficiency".

Efficiency

Butt and Palmer (1985:10) argue that efficiency means "making sure that the maximum useful output is produced with the resources devoted to each activity". Jones and Prowle put it slightly different by insisting that "only minimum level of resources is devoted to achieving a given level of output" (2008:13). The foregoing definitions enabled the study to conclude that efficiency deals with input-output relationships. However, the concept of efficiency is "harder to verify" (Rutherford, 1983:179) because it implies measuring output per unit of input, for example, cost per planning application processed. The 1981 Canadian Guide discussed the importance of efficiency measurement in the following terms:

Standards and performance data are used for different purposes in various information and control systems. These are to:

1. Demonstrate achievement of results by comparing performance data to standards, targets and goals;
2. Plan operations and budget resources requirements by providing data for comparing present and proposed methods and procedures;
3. Provide a rational basis for pricing goods and services; and
4. Indicate to employers and superiors what results are expected.

Therefore, the key elements arising from management adopting efficiency measures are:

1. An awareness of desired goals;
2. A need to plan operations;
3. The need for a structured organization whose administration should prescribe work measures and procedures, in order to avoid duplication of effort, unnecessary tasks, idle; and
4. The provision of work instruction (Rutherford, 1983:148).

This study notes that the measurement of effectiveness should be an end in itself. Improving effectiveness should be the objective. The study uses the output per unit of input definition and Rutherford's approach of measuring efficiency.

Effectiveness

Butt and Palmer (1985:10) argue that effectiveness involves "ensuring that the output from any given activity (or the impact that services have no a community) is achieving the desired results". To evaluate effectiveness one needs to establish that approved or desired goals are being achieved. A goal is defined as a "concrete expression of policy objectives" (Jones and Prowle, 2008:148). According to the Chartered Institute of Public Finance and Accountancy (CIPFA), in the UK, no assessment of "Value for Money is complete without effectiveness". Furthermore, Brown and Jackson (2007:118) argued that "in order to assess effectiveness, it is first to determine and specify the objectives and second to assess performance against these objectives so that appropriate adjustment or remedial action can be taken". Therefore, from the foregoing discussion, the study is of the view that the key to successful effectiveness audit is to first identify the legislative intent of the audited programme.

The legislative intent can be ascertained from a number of sources including the legislation itself, in Zimbabwe this includes the Constitution of Zimbabwe, Audi and Exchequer Act Chapter 22:03, Audit Office Act Chapter 22:18, Public Finance Management Act Chapter 22:19, Treasury Instructions, Budget Estimates i.e. Finance Acts and Appropriation Acts and the legislative history of the current enactment together with any regulations adopted to implement the legislation. This study takes the term effectiveness to earn the determination of whether the objectives established by the legislative or other authorizing body are being met. Therefore, effectiveness provides a measure of public sector organisation's true bottom line of whether the organization or programme is achieving its objectives.

Economy

This is "a practice by management by management of the virtues of thrift and good housekeeping" (Normanton, 1996:86). An economical operation requires resources in appropriate quality and quantity at the lowest cost. A lack of economy could occur, for example, when there is overstaffing or when overpriced facilities are used. The study therefore, focuses on the efficiency, effectiveness and economy of the government auditing. However, in certain instances the economy of the Comptroller and Auditor General is being mentioned, considering that it is one of the components of the value for money audit.

A synthesis of the 3Es

Public sector audits are often a blend of the three audit elements. Butt and Palmer (1985:39) outline some barriers to effectiveness and efficiency attainment as "politics, weak governing body, and tradition, lack of motivation and lack of education and training programmes". For instance politicians may interfere with the designing of the audit programme. There is an inherent conflict that all politicians face, that is, the trade-off between constituency interests and national priorities. For example the politician wishes future re-election, and his programmes may not unnaturally be biased. The literature consulted (Brown and Jackson 2007, Butt and Palmer1985, Flegmann 1980) indicated that to achieve VFM, motivation must come from the top. It can prove a fruitless task developing systems to achieve levels of performance not demanded.

This line of thinking prompted Jones and Prowle (2008:159) to conclude that "all too often what has been called "entrenched lethargy" or empire building provide obstacles to the achievement of effectiveness, efficiency and economy". This implies that considerable coverage, expertise and determination are required by top management (the executive) to break down such barriers.

Two Country Scenarios

In this section, the study outlines the experiences of two chosen countries in order to find out the differences and similarities in terms of issues related to performance of the Comptroller and Auditor General. Therefore, the auditing systems of United Kingdom and South Africa have been taken as cases.

United Kingdom

The Appropriation Accounts and most other statements relating to central government accounting entities are audited by the CAG. The CAG is "appointed by the crown and can be removed from office by the joint action of both the Houses of Parliament" (Government of UK, 1984:169). As a further measure to secure the CAG's independence, his or her salary is paid as a standing service of the Consolidated Fund. The Exchequer and Audit Department Act give the CAG a statutory right of access to the financial records of departments and to other documents relating to accounts. In practice, the CAG relies on the indirect authority of Parliament to obtain all the documentation and explanation he/she requires since if they are not received and accounts will be qualified and the Accounting Officer concerned will have to answer to Parliament. The CAG's right to Parliament is also guaranteed by the Exchequer and Audit Department Acts which require that, if the Treasury does not pass on a report to Parliament within a stipulated period, the CAG should report directly to the Parliament.

In Britain, the examination of economy and efficiency was able to bring light cases of wasteful/extravagant or unwanted expenditure. The vote covering the expenses of the Exchequer and Audit Department itself is audited not by the CAG whereas in Zimbabwe, the CAG audit the Ministry of Finance, of which the Office of the Comptroller and Auditor General is a sub-set. This undermines the CAG's independence, autonomy and objectivity. One of the more serious cases identified by the CAG in 2001 concerned grants towards interest charges incurred by private firms on borrowing used to finance the acquisition of British equipment, supplies and services for oil and gas explanation on the UK continental shelf. The grants under the scheme were to be paid by the department of Energy in accordance with guidelines approved by the Treasury. In 2000/2001, the CAG discovered that a number of payments fell outside the guidelines. These breaches included:

a) Giving relief on borrowings which had taken place too early or too late in relation to the associated expenditure;
b) Giving relief on borrowings which exceeded over a longer total period than allowed;
c) Accepting claims submitted out of time, (Jones and Prowle, 2008:221).

This study notes that the British CAG to a greater extent, exhibits efficiency and effectiveness in discharging his/her mandates.

Though the efficiency and effectiveness dimensions are well covered by the CAG, more effort is directed to reliability and regularity auditing. The efficiency dimension is mainly constrained by the deterioration and weaknesses of departments' own internal audit arrangements. The CAG alleged to be encroaching on the policy making prerogative of the political system. This blocks the CAG form achieving the effectiveness dimension of the auditing. It is universally accepted that decisions about what objectives should be pursued lie outside the scope of effectiveness. However, the committee of Public Accounts feels that the CAG has in the past demonstrated the ability to handle this sensitive area successfully and should continue to examine effectiveness where appropriate (Government of UK Report, 1981).

The British Committee of Public Accounts

Although the Appropriation Accounts and the CAG reports are delivered to Parliament, it is accepted that in practice the effective forum in which they can be scrutinized is the Committee of Public Accounts, "a select Committee of the House of Commons established in 1861 as part of the Gladstone's reform of the Public Finance "(Rutherford, 1983:141). The Committee is composed of 15 members nominated by the House for the duration of each Parliament, and the Chairperson is a prominent back-bencher drawn from the opposition.

The Committee has the power to "send for persons, papers and records" which means that it can call witnesses and obtain documentary evidence. He Committee normally confines itself to examining public officials although other individuals are sometimes called. Examination of witnesses represents the most important method of working for the Committee. The CAG reports are usually the starting point for its investigations. The Committee meets about twice a week from January to summer recess and covers about 40 topics each year.

In Britain, the Public Accounts Committee works closely with the Treasury and the CAG. The PAC follows up all its reports, even those which the governments have rejected. The Report by the Parliamentary Reform Committee, (Parliament of Zimbabwe, 1998:56) states that the British PAC is effective because:

1. It has interested and experienced members, some with specialist knowledge;
2. The regulatory financial regime within which government department's work;
3. Adequate human and financial resources; and
4. Political acumen.

The above mentioned Report furthermore notes that the rules under which Permanent Secretaries operate as Accounting Offices in Britain are similar to those in Zimbabwe, but are "rigorously applied in Britain" (Zimbabwe Report on Parliamentary Reform Committee, 1998;57) and Permanent Secretaries, when necessary, issue formal warnings to Ministers that particular expenditures either exceed their appropriations or are irregular or wasteful, and the Auditor General and chairperson of the PAC are both notified. Hence the responsibility for such irregularities are clear and quickly established, the CAG investigates and publishes a report and PAC holds hearing, which will be broadcast on TV and radio and reported in the press. The need for such rigour in Zimbabwe is clear.

The scope of the CAG'S audit

According to Jones and Prowle, the British CAG's scope covers "financial and regulatory audit and value for money audits" (2008; 178). The financial audit ensures that systems of accounting and financial control are efficient and operating properly and that financial transactions have been authorizes and accounted for. A regulatory audit is designed to verify that expenditure has been uncured on approved services and in accordance with statutory and other regulations and authorities governing them. The value for money auditing examines efficiency, economy and effectiveness to bring to light cases of wasteful, extravagant or unrewarding expenditure, failure to maximize receipts or financial arrangements detrimental to the Exchequer and weakness leading to them.

Republic of South Africa

The CAG of South Africa ("AGSA") is an authority established in terms of the Constitution of the republic of South Africa, (Act No. 108 of 1996) ("The Constitution") who has a constitutional mandate to audit all receipts and expenditures of the Government of South Africa including those bodies and authorities substantially financed by the government. The auditor General is also the external auditor of the government-owned companies. The reports of the Auditor General are taken into consideration by the PAC, which is a special committee in the Parliament of South Africa.

The Auditor General is a constitutional officer whose office was "established under Section 181 of the Constitution of South Africa and is one of the Chapter Institutions intended to support democracy" http:/enc.wilipedia.org/wiki/Auditor-General-South Africa). The Auditor-General is appointed by the President on the recommendation of Parliament. This is designed to ensure that the Auditor-General operates independently of government. The Constitutional functions are set out in Section 188 of the Constitution and Section4 of the Public Audit Act 2004(Act No. 25 of 2004) (The PAA). The Auditor-General has a constitutional mandate and, as the supreme Audit Institution of South Africa it exists to strengthen the country's democracy by enabling oversight, accountability and governance in the public sector, thereby building public confidence.

Role of the auditor-General

The role of the Auditor-General is an important one. Parliament relies on the Public Auditor to provide independent assurance that government activities are carried out and accounted for, consistent with Parliament's intentions. In South Africa, the role of the Auditor-General is derived from the functions of Parliament.

The executive arm of government relies on Parliaments' authority for most of its powers and resources. The Executive is responsible to, and subject to scrutiny by, Parliament for its performance. The scrutiny by Parliament is concerned with ensuring governmental activities are carried out in a manner consistent with Parliament's intentions and that they are effective, efficient and economical. Therefore, the role of the Auditor-General is an important element of helping to maintain the integrity of any system of government.

Reporting to Parliament: role of PAC

The Auditor-General does not address his reports to the body being audited, except in the case of local authorities. The Auditor-General reports to Parliament, not to Ministers. The reports of the Auditor-General are considered by PAC of Parliament. The Committee's terms of reference empower it to examine any of the accounts which are laid before Parliament. It should be noted that this gives the Committee a considerably wider remit than that of the Auditor-General. For example, all the annual reports and accounts of the public enterprises are laid before Parliament and therefore are examined by the PAC. In South Africa, the PAC does not spend much time on matters of financial irregularity or constitutional impropriety.

When the PAC decides to take evidence on matters rose in the Auditor-General's reports it summons the Accounting Officer. Though arduous and sometimes gruelling, the Committee's examination of those senior witnesses sets out to be fair and constructive. The PAC usually prepares its reports with criticisms if thought justified and any necessary recommendations for change or improvements. It may even commend good performance. However, the Ministry or department can conceded the Committee's report and prepare a reply. This is "an effective and well-tried system of accountability" (Likierman et al, 2007:189).

Performance of the Auditor-General

Though the literature consulted indicated that the performance of the Auditor-General is satisfactory, there are certain changes. In December 1993, the Audit Commission published a report on probity in local government which reported that "fraud, corruption and stewardship of private and public sector accounts have never had a higher profile"(Government of South Africa, Audit Commission, 1993:7). In January1994, the PAC reported that there "had been a number of serious failures in administrative and financial systems and serious lack of value for money within departments and other public bodies, which have led to money being wasted or otherwise improperly spent" (Wilson, 1998; 213). It was thus clear that those charged with responsibility for overseeing the stewardship of public funds and propriety of public expenditure were concerned that the existing and controls were being viewed as inadequate.

In South Africa, the Auditor General is highly efficient but the effectiveness criterion needs more to be achieved. The ''Auditor –Auditor has been producing qualified reports since 2003 to 2009'' (http.ww.publicsectorauditing.org). A qualified report is a report which has reservations. The public Auditor in South Africa can raise a surcharge; however some government officials do not pay the state funds. This reflects negatively on the Public Auditors effectiveness. This study notes that nowadays the size of sums involved in public administration and the fact that most civil servants are no longer wealthy in their own right mean that surcharging could represent only a symbol of the importance attached to fiduciary stewardship rather than a practicable mechanism for avoiding the burden of irregular expenditure.

Findings and Analysis of Results

Interview findings

The findings are discussed under the following themes;

The regulatory framework

The study found that there are two main legal instruments that govern the operation of the CAG's office, namely the Constitution of Zimbabwe and the Audit and Exchequer Act Chapter 22:03 now repealed by the Audit Office Act Chapter 22:18.

Chapter XI of the Constitution deals with the matters of finance. Section 101 provides for the Consolidated Revenue Fund (CRF) in all fees, taxes and other revenues of the state shall be paid, while section 102 specify conditions under moneys can be withdrawn from the CRF. Section 103 deals with authorisation of expenditure from the Fund.

These sections form the basis upon which accountability, rules, regulations standards and expectations are formulated. Section 105 establishes the office of Comptroller and Auditor General, his/her appointment, tenure and conditions of service and provisions of removal from office. Section 106 provides for its functions, obligation to render annual and other reports, power and duties. These issues are discussed in detail under sub-theme "autonomy''.

The Audit and Exchequer Act 22; 03 provides in more detail for the management and control of public moneys and state property. The Audit and Office Act Chapter 22:18 has since replaced the Audit and Exchequer Act 22:03 and the Public Finance Management Act Chapter 22:19.This latter Act confers the Treasury the duty to manage and control public moneys and state property. The Audit office provides comprehensively for the powers and duties of the Comptroller and Auditor General and his/her staff, reports, penalties for obstructing or hindering Audit officers in the discharging of their duties.

The interview held on 17th August 2010 with the Comptroller and Auditor General, Mrs Mildred Chiri, brought to the light the gaps in the enabling legal instruments outlined above. She argued that ''both the Constitution and the recent Audit Office Act do not give the CAG sanction powers to compel Ministers and departments to observe and comply with the treasury instructions''. As a result, recent report of the CAG have revealed delayed submissions and in other instances total failure by ministries ''to produce certain returns and statements required for the audit'', she further noted. A lecturer with the Department of Political and Administrative Studies (hereafter lecturer "A''), in interview held at the University of Zimbabwe on 13 August 2010, agreed with the CAG when he said ''the law does not provide enforcements mechanisms with regard to audit recommendations''. He further noted that this impacted negatively on the ''ability of the Audit Office in producing the annual reports as well as meeting statutory deadlines for tabling of such reports in Parliament''.

A scrutiny of published reports revealed a uniformity of audit observations rose from year to year which is evidence that little or no action was being taken of observations and recommendations made. The study notes that through a combination of under resourcing and poor responses by government Ministries and departments, the CAG is "on average three years behind in delivery of annual reports to parliament'' (First Report of the Committee on Public Accounts on the state of the Comptroller and Auditor General's Office Second Session-Seventh Parliament, 2009:6). This has caused the Office to be ineffective and inefficient since it was supposed to achieve its goals within the stipulated timeframe.

Autonomy

The CAG must ideally be independent of the Executive to function properly. However, the evidence obtained on the 17th August 2010, from the Comptroller and Auditor General, pointed out that her staff are civil servants who are employed by the Ministry of Finance- one of the government departments she scrutinises, such staff may be reluctant to scrutinise their own or other ministries objectively. Although it had been agreed in 1994 that this Office should be staffed by independent officials, nothing has yet been done. Furthermore, the CAG's Office's subordination to the Public Service Commission compromises the office's independence. This implies that the Public Service Commission determines the staffing requirements of the office. Furthermore, the Office of the Comptroller and Auditor General cannot decide on the recruitment of its staff. However, the Audit Office Act [Chapter 22:18] Part IV Sections 14 and 15 have since rectified this problem because it requires the establishment of the Audit Office Commission which must deal with the staffing issues. Part VIII, Section 30 (1) of the Audit Office Act strengthens the independence of the CAG; "Except as is provided in this section, the Commission shall not, in the exercise of its functions, be subject to the direction or control of any person or authority". However, Section 30 (2) allows the Minister to give policy directions to the Audit Office Commission. "The minister may in writing, through its Chairperson, give the Commission such general directions relating to the policy the Commission is to observe in the exercise of its functions as the Minister considers to be necessary in the national interest". This provision may be manipulated and used to undermine the autonomy of the CAG.

Additionally, another lecturer (herein Lecturer "B'') from the University of Zimbabwe, who was telephonically interviewed on the 26th August 2010 noted that the CAG "is not an independent public servant in the sense that she is appointed by the President after consultation with the Public Service Commission''. The only role Parliament may play "is to remove a CAG if more than half MPs resolve that she is unable to discharge her functions'' as Lecturer "A'' noted.

Furthermore, this lecturer outlined five conditions that secure the CAG's independence:

1. Appointment procedures;
2. Removal procedures;
3. Nature of tenure;
4. Independence to frame work plans and budgets;
5. Financial independence; and
6. The ability to employ staff or other suppliers of services.

The CAG is appointed by the Head of State. In terms of Section 105 and 106(3) of the Constitution of Zimbabwe, a person shall not be qualified to hold or act in the Office of the Comptroller and Auditor General unless he has held the post of Secretary of ,or Deputy Secretary or Under Secretary in a Ministry or post the Public Service of a grade equivalent or higher than that of Under Secretary for periods which in aggregate amount to at least five years. No doubt, such experience is valuable for understanding the machinery of government. But, the rules disqualify, for example, Chartered Accountants and others who possess financial knowledge and competence, but have not worked in the public service.

At present, the Office of CAG's budget is wholly under the control of the Executive, that is, the Treasury. The study noted that the Office of the CAG is just one of the structures in the Ministry of Finance. This aspect compromises the independence and efficiency of the CAG. The CAG is appointed for a fixed tenure. The period of tenure is not specified in the Constitution or in an Act of Parliament. The study found out that it has been the practice to fix this period to three years in the conditions of appointment of the Comptroller and Auditor General. The period is renewable at the discretion of the Head of State. The Constitution of Zimbabwe Section 105 (4) states that the CAG "shall hold office on such terms and conditions as are fixed by the President''. This compromises and weakens the autonomy of the CAG.

To a greater degree, these factors have contributed negatively to the performance of the Comptroller and Auditor General. The CAG does not have financial independence. The Treasury has the right to decide what allocation the CAG's office should get before the allocation is debated in the Parliament. Parliament has the final approval of the allocation before money can be spent. The Audit Office Act has now removed the Office of the Comptroller and Auditor General from the Ministry of Finance. It is now a stand alone organisation whose moneys are appropriated by Act of Parliament. This development enhances the autonomy of the CAG. However, at the time of writing, the Act had only four months operating. The Newsday (28 September 2010) in an article titled "We are powerless- Auditor General) quoted the Comptroller and Auditor General's Office saying "The CAG's Office has no whip, it just make recommendations''. In the same story The Newsday,(28 September 2010) quoted the Deputy Auditor General, Spears Mutsau saying most State Owned Organisations (SOOs) rarely submit financial statements on due dates.

Current state of audits and reports

The CAG is required by law to audit accounts and report to the Parliament the results of such audits on an annual basis. However, for the period (2005 to 2011) this requirement has not been complied with. The Office could "not produce annual reports for tabling during the period of 2005 to 2010'', pointed out the former Public Accounts Committee's Chairperson. The blame was put on Ministries that failed to produce the necessary statements and returns upon which year-end audits would be conducted. As a result, "the Ministry of Finance totally failed to produce the Consolidated Revenue Fund statement for audit'' as the Deputy Accountant General argued during the interview held on 16 August 2010 at the New Government Complex building.

Audit inspections of government offices and other cost centres both inside the country and at missions abroad has "declined over the years from 11,75% in 1983/4 to nil in 2008''(First Report of the Committee on Public Accounts on the State of the Comptroller and Auditor General's Office, Second Session-Seventh Parliament, 2009: 9). The study noted that auditing of accounts that should be conducted at least once every financial year has been greatly curtailed over the years.

However, there has been an improvement since late last year (20l1). The CAG managed to table the annual report of 2006.This was tabled in the House of Assembly on 19th February 2009. The 2007 Annual report and the 2010 Interim Report are due for tabling this year before the House.

According to the former PAC Chairperson, the PAC is of the opinion that Parliament might "need to waive the requirement for the 2007 and 2008 audits, as it does not make economic sense to use the scarce United States dollars to audit expenditure which is in Zimbabwean dollars''. In line with this PAC position, CAG informed the study that "the CAG has proposed to issue a disclaimer or adverse opinion especially on assets instead of conducting the actual financial audit''.

Financial accountability

The study noted that incidents of corruption, financial waste and mismanagement are rampant in the public sector; however, the private sector is not spared. Unless clear steps are taken to address these vices, there is a "danger of increasing disillusionment with the political process which might pose a threat to stability'' the Minister of Finance observed during the interview held telephonically on 20th August 2010. Parliament through the CAG should be in the front line in ensuring financial integrity and financial accountability by the Executive. The PAC is the single important parliamentary instrument for financial regularity. Its task is set out in the Standing Orders as;

> *"the examinations of accounts showing the appropriation of the sums granted by Parliament to meet the public expenditure and of such other accounts laid before the House as the Committee may think fit''*

The study noted that the PAC needs to be strengthened because it is "extremely feeble and its effects are retrospective, it is *muchekadzafa*", as Lecturer ''A'' from the University of Zimbabwe observed. The CAG seconded this view when she said,'' The Committee should have the teeth to bite and have the power for prosecution''. The current legislative framework does not give the CAG any sanction powers. Many key-informants were of the opinion that the PAC and CAG should be given additional powers to bring the government expenditure properly under control. The study noted that the mechanism by which Permanent Secretaries, as accounting officers, are supposed to report irregular expenditures to the CAG and PAC was rarely employed. Government departments regularly spend above the appropriations voted by Parliament, but officials disclaim responsibility for these over expenditures on their budgets, blaming ministers.

Comptroller and Auditor General's Problems

Unattractive Remuneration

The playing field regarding the recruitment of technical skills is currently heavily skewed in favour of the private sector as conditions in the public sector are regarded as sub-economic. The problem has its basis in the legal basis as with the exception of CAG, the Audit and Exchequer Ac 22; 03 (now repealed by Audit Office Act Chapter 22; 18) effectively places the rest of the staff under the Public Service Commission. Over the past years, "the Audit Office have been experiencing high staff turnover among the technically qualified and experienced staff'', the CAG told the study. The departing staffs are not readily replaced as the recruitment is done by the Public Service Commission. There is also currently a freeze on filling vacant posts. At the time of the interview with the CAG, the Audit Office was operating with vacancy rate of 50% especially grades such as C5 and D. Due to skills shortage, the Audit Office could not conduct examinations and audit of accounts of designated statutory bodies.

Budgetary Constrains

The Audit Office activities are funded from the funds allocated under Treasury. Over the past years, the budget allocation was shrinking due to the "prevailing unfavourable macro-economic environment'', as argued by the Minister of Finance. As a result, the Office's field-based activities were greatly curtailed. The Comptroller and Auditor General informed this study that "the Office has failed to undertake Audit touring programmes locally and abroad''. Furthermore, the Office was not able to procure most of the consumables, such as goods and consumables used during field work like Mazoe orange drink, owing to the limited budget allocation.

The foregoing challenges that the Office of the CAG faces among others, have adversely affected the quality and timeliness of financial reports and annual reports. The highly inflationary environment between 2002 and early 2009 resulted in the Public Finance Management System (PFMS) designed being unable to cope with a number of digits the Government was dealing with. This caused transactions during 2008 to be processed outside the computerised system and in turn affected the production and quality of financial returns. The government departments were using the manual system hence some documents were lost thereby complicating the preparation of annual reports.

Value for Money Auditing

The Office of the CAG started carrying out Value for Money Auditing in 1990. Value for Money Audits differs with financial regularity and compliance audits in that they deal with efficiency, effectiveness and economy. With financial audits, as long as the Accounting Officer or the Ministry has complied with the regulations and the law, the CAG simply "end up giving a certificate of the accounts to say the appropriations account reflects that expenditure incurred was as per the intention of Parliament when it appropriated funds'', the CAG explained to the study. This implies that the accounts give a true and fair view on the state of affairs of the financial position at the end of the financial year.

The CAG informed this study that the Value for Money Audits seek to report on the economy, efficiency and effectiveness on the use of resources that are available to the organisation. The study notes that by viewing an organisation in its entirety and requesting management to fully account for its activities, not just its financial conduct, the Value for Money audit greatly enhances accountability in the public sector. The study notes that the CAG is falling in short for Value for Money audit dimensions namely efficiency, effectiveness and economy. The chief explanation is that the legislative framework has many gaps.

Discussion of Questionnaire Findings

The researcher administered questionnaires to the following respondents; Public Accounts Committee members. The data was analysed by grouping those respondents with similar perspectives together. The convergence of opinions assisted the study to discuss the questionnaire findings under the following sub-themes. Of the 17 questionnaires administered 15 questionnaires were completed and returned, thus, the response was 88, 2% which is satisfactorily.

Autonomy

More than three quarters (76, 7%) of the respondents were of the view that the independence of the CAG is "to some extent compromised'' as the incumbent is appointed by the President in consultation with the Public Service Commission. When responding to the question "What should be done to address the challenges the CAG's office faces'', 59, 3% of the respondents recommended that Parliament should appoint the CAG.

Financial Accountability

The respondents (67, 3%) argue that there are serious practices that infringe upon state economic interests like "mass embezzlement of state assets, serious losses and wastes''. The study noted that the CAG can identify fraud and embezzlement but cannot take any action as was revealed by the "damning report soon after the formation of the Inclusive Government'' (http;//www.zimbabwemetro.com/headline/ministers). Most respondents were of the view that the CAG has no sanction powers. This is supported by the PACs on the State of the CAG's Office which described the office as "a toothless bulldog''. The Report, which was tabled in the House of Assembly on November 3, 2009 by the former PAC chairperson, said as part of giving the Office teeth, there should be "amendments of governing legislation to compel the Finance Minister to table a remedial plan of action on any corrupt activities that would have been brought to light by the Auditor General''.

Problems in the Office of the Comptroller and Auditor General

About half (53.4%) of the respondents are of the view that the CAG faces serious organisational and legal problems. These need urgent attention if the government is sincere in ensuring transparency and accountability in the use of public funds and state property. The remedial measures including involving the Parliament in the appointment of the CAG, adequate budgetary allocations for the office of the CAG and the right of the Office to recruit its staff directly. These, if not addressed would leave government in a much worse situation than it is now through lack of observance or disregard of financial management regulations, corruption ,theft misuse and abuse. Almost all the respondents (93, 3% or 14 respondents) unanimously agreed that the following are the major problems facing the Office of the CAG:

- Gaps in the enabling legal instruments;
- Unattractive remuneration;
- Budgetary constraints; and
- Lack of sanction powers;

The study noted that these problems have undermined the efficiency and effectiveness of the Comptroller and Auditor General's office. The Office of the Comptroller and Auditor General has experienced high staff turnover mainly due to unattractive conditions of service for example, poor remuneration as compared with the private sector. Currently the Office of the CAG, "losses an average of about 60 staff members, a month against an establishment of 316, hampering the attainment of goals''. As one respondent with the Office of the CAG said "the current vacant rate stands at 74'', the respondent further explained.

The other problems include the fact that funds provided by the Treasury to do audits of stations within and outside Harare are insufficient. The office has to curtail its audits because of inadequate funding. Ideally, the Office should visit each government station every three years. The study has found that this is becoming more important now since the government has embarked on a decentralisation exercise and more funds are being spent from provinces rather than at Head Offices. The Office of the CAG is setting up branches in Bulawayo, Gweru, Masvingo and Kadoma. This fact obviously increases the demand for more financial resources.

Conclusions and recommendations

This section gives conclusions and recommendations on the performance of the Comptroller and Auditor General. The conclusions and recommendations are informed by the findings as well as experiences of similar supreme audit institution from the two cases studies used by the study. The conclusions and recommendations are highlighted below.

Conclusions

The study concludes that although the Constitution of Zimbabwe provides for the independence of the CAG's office, there is more that needs to be done for the Audit to be able to realise such independence and supremacy in reality. The existing regulatory framework needs to be revised as a matter of urgency to include provisions that guarantee freedom of the Audit Office in matters of the budget, employment and remuneration. There is also need to urgently address the accounting skills requirements in the Ministry of Finance as well in line Ministries to ensure prudent financial management and control in order to enhance transparency and accountability in the use of public funds state property. The study also observed that adverse audit findings were repeated from year to year, which is an indication that they were not taken seriously by both the Treasury and Accounting officers. Thus, audit report does not have an impact, as they do not lead to any remedial action. As a result, the Audit Office is rendered a watchdog institution without teeth to bite.

The study observed that Section 106(6) of the Constitution of Zimbabwe stipulates that the Comptroller and Auditor General shall not be subject to the direction and control of any person or authority other than Parliament in the exercise of his or her duties. This gives the impression that the Office a great deal of independence. After careful analysis of what was obtained on the ground the study concludes that the independence of the CAG's Office was to a large extent compromised. As long as the President in Consultation with the PSC appoints the CAG and Parliament not involved, the Treasury determines controls and the budget of the Audit Office, and the rest of the officers under the Office are civil servants, genuine independence of the Audit Office is far from being realised and assured.

The study can conclude that the country's supreme public audit authority is separated from the Public Service Commission, it will never operate autonomously. The ineffectiveness of the public Office of the CAG was recently well defined by the Deputy Auditor General Mr. Spears Mustau. He stated that "government accounts were virtually in shambles as transactions were executed outside the Public Finance System last Year, making it impossible for the independent body to meet the deadline for the audit report on September 30'' (Newsday September 28 ,2010). The 2008 audit report exposed gross public finance rot perpetuated by the government officials and head of State –owned enterprises (SOE) who until now are still walking scot-free. This is so because the CAG Office has no whip as shown in Chapter IV. It simply makes recommendations. However, it does not have the powers to enforce the recommendations. The authority that holds the national purse strings deal with those implicated in the audit report. That power is vested in Parliament. The study can conclude that, Zimbabwe is experiencing serious challenges with public financial accountability. Most parastatals rarely submit financial statements on due dates. This has impacted on the work of the CAG's office. Some entities 'financial statements are as far behind b as 2005/6.

The study noted that the Accountant General's Office, and the Ministry of Finance and all other Ministries have over the year's experienced massive exodus of professionals in accounting field. This has resulted in Ministries failing to produce quality financial reports and within the stipulated timeframe. Consequently the Ministry of Finance is failing to produce the Consolidated Revenue Statement upon which audits are based. The high turnover in the Ministry of Finance has resulted in the CAG being inefficient and ineffective.

Recommendations

Appointment of the Comptroller and Auditor General

The legislature, instead of the PSC, should be consulted in the appointment of the CAG in order to ensure the necessary independence of the institution and the incumbent. The government should expedite the separation of the Office of the CAG from the PSC to enable it to operate autonomously. The Parliament should be actively involved in the appointment of the CAG. Furthermore, the CAG tenure must be fixed constitutionally, not the current status quo where the President discretionally determines the fixation of the tenure

Staffing and Remuneration

The study observed that the CAG entirely depends on the Ministry of Finance and the PSC on matters of staffing and remuneration .The PSC can delay recruiting and even freeze filling of vacant posts and the CAG is just powerless and as a result is greatly compromised in her watchdog function. The PSC can also transfer some of the staff under the CAG. In terms of remuneration the staff work reflects their special role in government. As a result the Office of the CAG has been failing to retain skilled and experienced staff. This has reduced the Audit Office to a training ground and rendered it ineffective in delivering its mandate. Therefore, the Office of the CAG should have its own system of staffing and remuneration. The CAG should be given powers to recruit, appoint, promote and control discipline of officers who assist her in the discharge of her mandate.

Amendment of Legislation

The enabling legislation should be amended to include a provision which requires the Ministry of Finance to table in Parliament in a remedial plan of action. The study noted that if the Audit reports are to have the deserved impact, the enabling legislation should place and obligation upon the Treasury and the accounting officers whose have been qualified to respond with a remedial action plan to the CAG's annual report. The CAG would then follow up on the action plan and report on action taken in its next annual audit report.

Updating legal and regulatory framework

The study noted with concern that the Ministry of Finance has over the years failed to review the legislation that governs the management and control of public funds. As a result the Laws can no longer deal with a plethora of problems confronting the Ministry of Finance as the manager of the public funds and the state property. The study commends the Ministry of Finance for repealing the Audit and Exchequer Act, replacing it with two Acts, namely the Audit Office Audit Act and the Public Finance Management Act. The study feels that with the two legal instruments the CAG will be able to address some of the challenges currently faced, such as unattractive remuneration, budgetary constraints and lack of sanction powers. What should be borne in mind is that financial management practices are not static and as such there is need to regularly review the governing legal instruments to bring them in line with current demands. Though the Audit and Exchequer Act 22; 03 has since been split into Audit Office Chapter 22; 18 and the Public Finance Management Act Chapter 22; 19, these two Acts are not yet operational. The President has still to sign a statutory instrument to operationalise the Acts .The study feels that this must do expeditiously.

Remuneration's Improvement

The Government should improve remuneration and conditions of service for officers in the accounting section. The study feels that if the public funds are not properly accounted for, such a situation can easily create conditions for corruption, misuse, abuse, embezzlement and decision – making will be easily manipulated towards self-interests. The current economic global crises call for the need to be prudent in the management and control of public resources as recovery is largely dependent on the purse. There is therefore need for government to attract and retain skilled and experienced staff to ensure that public funds and state property are properly accounted for.

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