

AUDIT OFFICE **ANNUAL** **REPORT** **2021**



"Towards a Prosperous & Empowered Upper Middle Income Society by 2030"



NATIONAL DEVELOPMENT STRATEGY 1



We assure accountability



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List of Acronyms

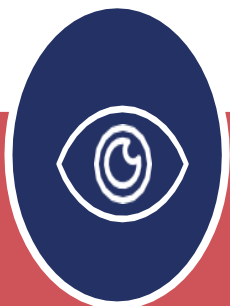
ACCA	Association of Chartered Certified Accountants
AFROSAI	African Organisation of Supreme Audit Institutions
AFROSAI-E	African Organisation of English Speaking Supreme Audit Institutions
AG	Auditor-General
CPA	Certified Public Accountant
DAG	Deputy Auditor-General
EI	Extractive Industries
ICAZ	Institute of Chartered Accountants in Zimbabwe
ICT	Information Communication Technology
ICBF	Institutional Capacity Building Framework
IDI	INTOSAI Development Initiative
INTOSAI	International Organisation of Supreme Audit Institutions
IPSAS	International Public Sector Accounting Standards
ISSAIs	International Standards for Supreme Audit Institutions
IT	Information Technology
KPI	Key Performance Indicator
KRA	Key Result Area
MDA	Ministry/Department/Agency
M & E	Monitoring and Evaluation
MIS	Management Information System
NKRA	National Key Result Area
NPA	National Priority Area
NOUC	National Outcome
OAG	Office of the Auditor-General
PAC	Public Accounts Committee
PR	Public Relations
QAU	Quality Assurance Unit
SAI	Supreme Audit Institution
SAP	System Application and Programmes
VFM	Value for Money
ZAS	Zimbabwe Agricultural Show
ZITF	Zimbabwe International Trade Fair



MANDATE

The Audit Office was established by section 309 of the Constitution of Zimbabwe Amendment (No. 20) Act 2013 to execute the functions of the Auditor-General which are enshrined in section 309 (2)(a)-(d), principally being to audit the accounts, financial systems and financial management of all departments, institutions and agencies of Government, all provincial and metropolitan councils and all Local Authorities.

VISION



To be the Centre of Excellence in the provision of Auditing Services.

VALUES



MISSION



To examine, audit and report to Parliament on the management of public resources of Zimbabwe through committed and motivated staff with the aim of improving accountability and good corporate governance.

THE ORGANISATION STRUCTURE

The Office is divided into four divisions headed by Deputy Auditors-General. Three of the divisions are responsible for the audit function while one deals with Finance, Human Capital and Administration. Below the Deputy Auditors-General are the directors of audit and one director responsible for finance.



CORPORATE INFORMATION

The Audit Office is a Supreme Audit Institution established in terms of section 309 of the Constitution of Zimbabwe Amendment (No. 20) Act 2013 whose mandate is to provide auditing services to departments, institutions and agencies of Government, all provincial and metropolitan councils and all Local Authorities.

Period of Accounts

Year ended December 31, 2021.

Accounting Officer

Mrs Mildred Chiri — Auditor General (Retired on March 31, 2023)

Ms Rheah Kujinga — Deputy Auditor General (Appointed Acting Auditor General on April 1, 2023)

Audit Office Board

	Date of appointment	Date of gazetting
Late Justice N. Mtshiyi (Rtd) — Chairman	24 April 2023	28 June 2023
Dr Mathews T. Kunaka — Acting Chairman	24 April 2023	28 June 2023
Mr Erick Kawara — Board member	24 April 2023	28 June 2023
Mr Norman T. Mhondiwa — Board member	24 April 2023	28 June 2023
Mrs Thammary B Vhiriri — Board member	24 April 2023	28 June 2023
Commissioner George Chigora—Board member (ex-officio)	24 April 2023	28 June 2023
Ms Rheah Kujinga— Acting Auditor General (ex-officio)	24 April 2023	28 June 2023
Ms Nyasha Magadza— Deputy Auditor General (ex officio)	24 April 2023	28 June 2023

Executives

Ms Rheah Kujinga — Acting Auditor General

Ms Nyasha Magadza — Deputy Auditor General

Mr Boniface Mukwenga — Acting Deputy Auditor General : Administration and Finance

Mrs Liaza Chikowore — Acting Deputy Auditor General

Ms Faithmary Manyangadze — Acting Deputy Auditor General

Administration and Finance

Mr Leonard Mpofu—Acting Finance Director

Registered Offices

48 George Silundika Avenue, Burroughs House
Harare
Zimbabwe

Auditors

Moore PNA Zimbabwe

PAAB Registration Number Z10054
44 Princess drive, Newlands
Harare, Zimbabwe

Lawyers

Makuwaza & Gwamanda Attorneys

3rd Floor, Travel Centre Building, 93 Jason Moyo Avenue
Harare, Zimbabwe

Bankers

CBZ Bank Limited
Kwame Nkumah branch
Harare, Zimbabwe



Certificate by Board Secretary

The financial statements for the year ended December 31, 2021 were approved by the Board of Directors on January 30, 2024 and are signed on its behalf by the Acting Chairman and the Acting Auditor General.

B. MUKWENGA

BOARD SECRETARY

November 25, 2024



FOREWORD FROM THE BOARD CHAIRMAN



Dr. Matthews T. Kunaka
Acting Board Chairman

INTRODUCTION

It is my pleasure to present to you the Annual Report for the Audit Office for the year ended December 31, 2021 outlining the performance and achievements during the year. The Audit Office is a unique institution and a key cog in the system of public sector governance and is charged with assuring transparency and accountability of public sector financial management.

APPOINTMENT OF THE AUDIT OFFICE BOARD

During the year under review the Audit Office had no Board of Directors. The first Audit Office Board was appointed during the year; however, the appointment was not subsequently operationalised. In that regard, matters which required to be considered and approved by the Board were being referred to the Ministry of Finance, Economic Development and Investment Promotion. The Audit Office Board was subsequently appointed on April 24, 2023, for a three -year term effective May 1, 2023 in line with the Audit Office Act [Chapter 22:18] and Section 314 of the Constitution which provides for the appointment of the Office Board whose key function is “to employ persons to assist the Auditor-General in the exercise of his or her functions”. The Board was operationalised on June 28, 2023.

OPERATING ENVIRONMENT

The Board acknowledges the ever-changing economic environment that the Audit Office was operating under throughout the year 2021. The economy exhibited signs of resilience and adaptability despite the persistent challenges posed by the Covid-19 pandemic. With three subsequent waves of the pandemic, businesses, and the economy as a whole displayed notable capacity to weather the storm. Due to the subdued economic performance, Treasury releases to MDAs including the Audit Office were below the budgeted amounts.

HIGHLIGHTS

The Audit Office operations are guided by the Strategic plan covering the period 2021-2025 which is aligned to the national development priorities set out in the National Development Strategy (NDS) 1. The Office has two (2) strategic outcomes which are Outcome1: Improved organizational performance and Outcome 2: Improved public sector transparency, accountability and service delivery. The strategy was finalised in 2021.

The Audit Office managed to continue upholding its constitutional mandate, despite the challenging operating environment characterized by Covid-19 disruptions. The 2020 Annual Auditor General's Report for Appropriation Accounts, State Owned Enterprises and Local Authorities produced was subsequently tabled in Parliament during the year. In addition, the Audit Office produced two (2) Value for money (VFM) audit reports and two (2) special audit reports.

The financial statements of the Audit Office recorded inflation-adjusted total income of ZWL\$1.46 billion in 2021 (2020: ZWL\$ 981.48 million) with an inflation adjusted surplus of ZWL\$ 238.47 million (2020: ZWL\$ 61.72 million). The Office's budget for the year was ZWL\$1.35 billion and a total of ZWL \$616.03 million (46%) was released by Treasury while more than half (ZWL \$732.97 million) of the budget was not released due to the difficult economic conditions and the Covid-19 pandemic.

The non-current assets increased by 12% from ZWL\$ 25.2 billion to ZWL\$ 28.5 billion, the increase was due to the acquisition of assets and revaluation which was carried out during the year. Current assets of ZWL\$ 199 million exceeded the current liabilities of ZWL\$ 4 million as a result of clients taking long to settle their debts.

APPRECIATION

Let me take this opportunity to express the Board's appreciation to the former Auditor General, Mrs Mildred Chiri for her outstanding service to the Audit Office and the nation of Zimbabwe at large. Her expertise, dedication and hard-work made a significant impact on the Office. Mrs Chiri served as the Auditor General of Zimbabwe from 2004 to March 2023. I wish to extend my gratitude for the support that the Audit Office continues to get from its stakeholders, including our clients, the auditees, the Ministry of Finance, Economic Development and Investment Promotion and development partners. The management and staff you deserve a special recognition for your continued commitment and dedication in carrying out your duty.



CONCLUSION

I look forward to improved organisational performance and the office becoming the centre of excellence in the provision of audit services for the benefit of the citizens of Zimbabwe. Let us continue with the spirit of dedication, team work and collaboration.





RHEAH KUJINGA
ACTING AUDITOR- GENERAL



AUDITOR-GENERAL'S OVERVIEW

We assure
accountability

Operating
environment

Financial
Performance
highlights

Operational
Highlights

Growth of a
successful organ-
isation

Significant
events

WE ASSURE ACCOUNTABILITY

The aim of the Office of the Auditor -General is to assure accountability in public financial management and we desire to influence public sector entities to use public funds for the intended purpose and to make a difference in the lives of the people of Zimbabwe. Through the execution of its Constitutional mandate, the Office plays a pivotal role towards cultivating a culture of transparency, accountability, good corporate governance, quality service delivery and achievement of national priorities.

The Audit Office was established by section 309 of the Constitution of Zimbabwe Amendment (No. 20) Act 2013 to execute the functions of the Auditor-General which are enshrined in section 309 (2)(a)-(d), principally being to provide auditing services to departments, institutions and agencies of Government, all provincial and metropolitan councils and all Local Authorities. In terms of Section 311 of the Constitution " In the exercise of his/her functions the Auditor-General is independent and subject only to the law".

OPERATING ENVIRONMENT

Throughout the 2021 financial year, despite the persistent challenges posed by the Covid-19 pandemic, the economy exhibited signs of resilience and adaptability. With three subsequent waves of the pandemic, businesses, and the economy as a whole displayed notable capacity to weather the storm. According to the European Central Bank (EUROSYSTEM), the Government's estimation of GDP growth for 2021 stood at a robust 7.8%, buoyed by a favorable agricultural season, elevated commodity prices, and enhanced management of the Covid-19 crisis, leading to a gradual reopening of critical

economic sectors. Government efforts to stabilise inflation yielded positive results as there was a noticeable improvement in inflationary pressures, with annual consumer inflation decreasing from 348.6% in 2020 to 60.7% in 2021. Regardless of the above, inflation remained elevated at double-digit figures, thereby contributing to the escalation in the prices of goods and services. On the contrary, the official foreign currency exchange rate witnessed a deterioration, shifting from US\$1: ZWL\$81.8 at the year's onset to US\$1: ZWL\$108.7 by December 2021. Other challenges faced by the economy during the year under review include electricity supply bottlenecks, procurement delays due to COVID-19 induced supply risks, increased costs of raw materials, rising production costs and demand for salary increases. As a result of the subdued economic performance, Treasury releases to MDAs including the Audit Office were below the budgeted amounts.

FINANCIAL PERFORMANCE HIGHLIGHTS

The Office's financial results are reported in Zimbabwean dollars (ZWL\$) since the change in functional and reporting currency on 22 February 2019, in accordance with Statutory Instruments 33 and 142 of 2019. Inflation-adjusted financial statements have been issued as the Office's primary financial reports, as required by the International Financial Reporting Standard 29 – Financial Reporting in Hyperinflationary Economies. This follows guidance from the Public Accountants and Auditors Board (PAAB) through Circular 01/19 issued on October 11, 2019, which identified the economy as hyperinflationary. Consequently, the financial statements were prepared using the hyperinflationary accounting basis to ensure fair presentation as of the reporting date of December 31, 2021.



AUDITOR- GENERAL'S OVERVIEW (Continued)

FINANCIAL PERFORMANCE HIGHLIGHTS (Continued)

The financial statements of the Audit Office show inflation-adjusted total Income of ZWL\$1.46 billion in 2021 (2020: ZWL\$ 981.48 million) with an inflation adjusted surplus of ZWL\$ 238.47 million (2020: ZWL\$ 61.72 million). The Office's budget for the year was ZWL\$1.35 billion and a total of ZWL\$ 616.03 million (46%) was released by Treasury while more than half (ZWL\$ 732.97 million) of the budget was not released due to the difficult economic conditions and the Covid-19 pandemic.

The non-current assets increased by 12% from ZWL\$ 25.2 billion to ZWL\$ 28.5 billion, the increase was due to the acquisition of assets and revaluation which was carried out during the year. Current assets of ZWL\$ 199 million exceeded the current liabilities of ZWL\$ 4 million as a result of clients taking long to settle their debts.

OPERATIONAL HIGHLIGHTS

The Audit Office continues to carry out its mandate under the difficult conditions characterised by low revenue inflows and rising operational costs as a result of inflation.

Notwithstanding the challenges faced, the Audit Office was able to record some noteworthy achievements during the year under review. The Office was able to work together as a team and achieved some goals that were set in the Office's Strategic plan 2021-2025 and annual operational plan.

The OAG's operations are guided by the OAG Strategic plan 2021-2025 which is aligned to the national development priorities set out in the National Development Strategy (NDS1). The Office has two (2) strategic outcomes which are Outcome 1: Improved organizational performance and Outcome 2: Improved public sector transparency, accountability and service delivery.

GROWTH OF A SUCCESSFUL ORGANISATION

Strengthen operational planning and reporting

The Office of the Auditor General continues to lead by example in organisational management and governance and over the year we set out to improve planning and resource utilisation to ensure effectiveness and efficiency. Proper planning enables the Audit Office to identify priorities, budget and measure progress. The finalization of the Strategic plan 2021-2025 was a key milestone.

Property and Equipment

Thanks to the Treasury which supported the Audit Office on the acquisition of the assets. The Audit Office managed to acquire a new fleet of fifteen (15) operational vehicles these have eased the transport constraints. The Office also managed to procure new furniture for staff. New workstations replaced the old system which was becoming a challenge since the establishment had increased over the years but office space remained the same. It thus became necessary to maximise the use of the limited space. Out of one hundred (100) workstations purchased, forty-eight (48) had been assembled by year end. The Office procured twenty-nine (29) laptops

HUMAN CAPITAL DEVELOPMENT

through the assistance from development partners during the year.

The ability of the Office to fulfil its mandate and conduct high quality, effective audits depends to a large extent on the quality, integrity and competency of its staff, to this end the Office is on a professionalisation trajectory. However, uncompetitive remuneration and the resultant high staff turnover are risks to the ability of the Auditor-General to deliver the audit mandate on a sustainable basis. The number of staff does not commensurate with the overall workload, that is, the number of government institutions I am mandated to audit. As a result, the Office has resorted to outsourcing some of the audit work to private audit firms.

A total of thirty-nine (39) members were recruited during the year under review (2020: 6) after authority was granted to increase the establishment from 374 to 381. Although there were replacements during the year, members continued to resign from the Office.

The Audit Office continues to make concerted efforts for the approval of the proposed organisational structure presented to the Ministry of Finance, Economic Development and Investment Promotion for consideration and to lobby for a competitive salary scale that attracts highly skilled staff, reduce staff turnover and boost staff morale.

The Audit Office is accredited to the Professional Accountants Organisations (PAOs) such as ACCA, ICAZ and CPA. The Office has undertaken a professionalization drive which has resulted in a number of members pursuing and attaining various professional qualifications over the period. During the year 11 staff members attained professional qualifications. In addition, the Office holds and sponsors various training sessions for the continuous professional development of its staff. During the year under review, the Office participated in both local and external training activities.



STAKEHOLDER ENGAGEMENT

The Office undertakes stakeholder engagement to improve communication within the organization, promote the Audit Office's vision, mission, values, brand and reputation. In 2021 the Office was able to participate in workshops with Public Accounts Committee (PAC). The Office exhibited at the Zimbabwe International Trade Fair (ZITF) during the year as well as at the Harare Agricultural Show. The exhibitions were a welcome development after the 2020 ZITF had to be postponed due to the Covid-19 pandemic. The stakeholders who visited the Office's stands showed a lot of interest in the Office's products, especially the Auditor-General's reports.

Development Partner Support

The Office continued to maintain a cordial relationship with five (5) development partners which resulted in the training and development of its staff. The World Bank – Public Finance Enhancement Management Project (PFEMP) ended in July 2021 having achieved its intended goal. There were nineteen (19) external training activities which were sponsored by development partners. The Office received forty-five (45) laptops from development partners during the period under review.

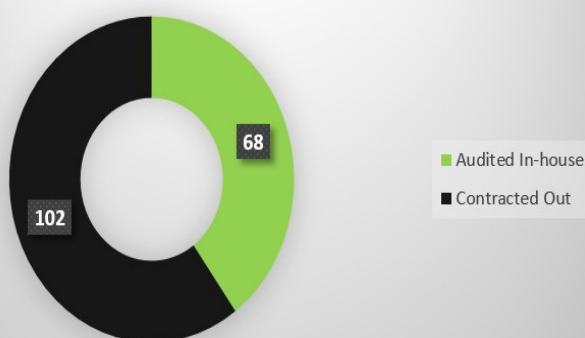
IMPROVE PUBLIC SECTOR TRANSPARENCY, ACCOUNTABILITY, AND SERVICE DELIVERY

Audit Coverage

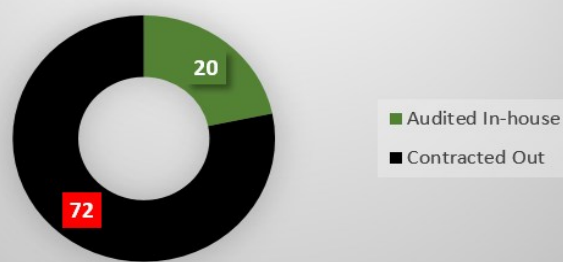
The Office, despite the challenging operating environment characterized by Covid-19 disruptions, managed to continue upholding its constitutional mandate. The 2020 Annual Auditor General's Report for Appropriation Accounts, State Owned Enterprises and Local Authorities was produced and subsequently tabled in Parliament during the year. In addition, the Office produced two (2) Value for money (VFM) audit reports and two (2) special audit reports.

The total audit portfolio and coverage for the year 2021 was made up of twenty-four (24) Ministries, Departments and Commissions, thirty-four (34) funds, ninety-two (92) Local Authorities and one hundred and seventy (170) state owned enterprises. All Ministries and Funds were subject to audit by the Office but delays in the submission of financial statements, provision of responses to audit queries and resource constraints delayed the completion of the audits.

State Owned Enterprises



Local Authorities - Metropolitan Councils and Rural District Councils



EMERGING RISK ISSUES

Covid-19 pandemic

The global spread of pandemic is one of the key emerging risks that the Office is likely to continue facing in the future. The disruptions caused by COVID-19 are still being felt. The year saw the spread of Covid-19 Omnicron variant to Zimbabwe. In compliance with the COVID-19 health requirements, the Audit Office continued to acquire Personal Protective Equipment (PPE) towards mitigating the pandemic risks. The lockdown conditions had the impact on slowing down the Office's ability to discharge its statutory obligations of auditing public entities with particular reference to the fiscal year ended December 31, 2021.



SIGNIFICANT EVENTS

Appointment of the Audit Office Board

The Audit Office Board was appointed during the year. However, the appointment was not subsequently operationalised. It was hoped that this would ease the brain drain experienced at the Office over the years.

OUTLOOK FOR THE FUTURE

The Audit Office is looking forward to the easing up of the Covid-19 restrictions and the stabilisation of the economy. The Office is committed to continue demonstrating value and benefits to the citizens by promoting public sector transparency, accountability and service delivery through executing its mandate.

It is expected that the Treasury will continue to support the Office and timely release funds for operations and capital expenditure. The rehabilitation of Burroughs House is one of the priority areas requiring funding, as the building is old. The continuous procurement of tools of trade such as motor vehicles, furniture and laptops remains a priority.

ACKNOWLEDGEMENTS

Let me take this opportunity to express my heartfelt appreciation to the former Auditor General Mrs Mildred Chiri for her outstanding service to the Audit Office and the nation of Zimbabwe at large. Her expertise, dedication and hard-work made a significant impact on the Office. Mrs Chiri served as the Auditor General of Zimbabwe from 2004 to March 2023. Her legacy will continue to inspire and guide us as we move forward.

My gratitude goes to the Ministry of Finance, Economic Development and Investment Promotion for financial support given to my Office within the constrained resource envelope.

I would like to convey my sincere appreciation to the African Organization of English speaking Supreme Audit Institutions (AFROSAI-E) for the various training programmes and technical support afforded to members of my Office during the course of the year. I would also like to appreciate the support my Office received from other cooperating partners inter alia, the World Bank, International Development Initiative (IDI) and Swedish National Audit Office.

Finally, I would also like to acknowledge and commend the hard work and dedication to duty of my staff that has enabled the Office to achieve its objectives.

R. KUJINGA
Acting Auditor-General
November 25, 2024



GOVERNANCE ARRANGEMENTS

In terms of section 309(1) of the Constitution of Zimbabwe Amendment (No. 20) Act 2013, there must be an Auditor-General, whose office is a public office but does not form part of the Civil Service. The Auditor-General is appointed by the President with the approval of Parliament. It is further stated in the Constitution section 311 that 'in the exercise of his or her functions the Auditor-General is independent and subject only to the law'.

In terms of section 10 of the Audit Office Act [Chapter 22:18] the Auditor-General, after examining the accounts submitted to her in terms of section 35(6) and (7) of the Public Finance Management Act [Chapter 22:19], shall prepare and submit to the Minister not later than 30th June in each year, a report on the outcome of her examination and audit of the accounts referred to her in terms of section 6(1) of the Audit Office Act [Chapter 22:18].

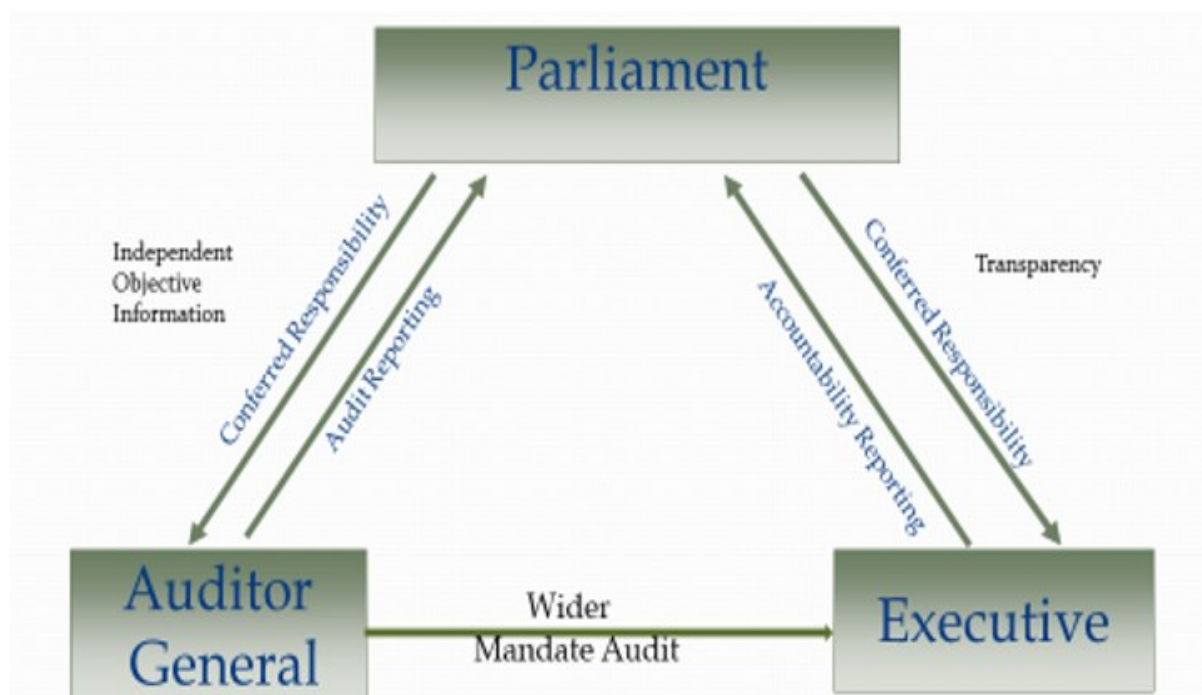
In terms of section 12 of the Audit Office Act [Chapter 22:18], the report submitted to the Minister is supposed to be laid before the House of Assembly within seven (7) days. If for any reason the Minister is unable to lay the report before the House of Assembly within the stipulated period, the Auditor-General shall transmit a copy of the report to the Speaker of the House of Assembly for the Speaker to lay it before the House of Assembly.

The Annual report will be considered by the Public Accounts Committee which is a Committee of Parliament whose objective is to ensure that public entities are held accountable for their stewardship over, and use of public resources.

In terms of section 314 of the Constitution, there must be an Act of Parliament which provides for the appointment of the board to employ persons to assist the Auditor-General in the exercise of his or her functions. The functions of the Board are dealt with in section 15 of the Audit Office Act [Chapter 22:18] and summarized below:

- ⇒ To appoint persons to the Audit Office, assign and promote them to offices, posts and grades and to fix their conditions of service.
- ⇒ To exercise disciplinary powers in relation to members of the Audit Office,
- ⇒ To inquire into and deal with grievances made by members of the Audit Office,
- ⇒ To administer the funds of the Audit Office, and
- ⇒ To exercise any other functions that may be imposed or conferred upon the board in terms of this Act.

Accountability triangle





Parliament confers resources to the executive through the budgeting process, establishing a framework for accountability. In this context, the Auditor General (AG) audits and reports to Parliament, particularly through the Public Accounts Committee (PAC). Once the AG's report is tabled in Parliament, it is subject to consideration and deliberation by the PAC. As the chief adviser to the PAC, the AG prepares memoranda to facilitate these discussions. The PAC may call upon the Board, Accounting Officer, or CEO to clarify or provide further submissions on issues raised in the AG's reports. After deliberating on the AG's findings, the PAC prepares its own report with recommendations, which is then tabled in Parliament. Ministers are subsequently called to respond to the issues highlighted by the PAC. The Ministry of Finance, responsible for managing public resources, is expected to produce a Treasury Minute detailing the actions taken in response to the committee's report.

Audit Standards and methodology

The mandate of Auditor-General which is to audit the whole of public sector with a pivotal role of promoting attainment of public sector transparency, accountability, good corporate governance and public service delivery. The audits are conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs) and International Standards on Auditing (ISAs). The Office use a risk-based audit approach in carrying out its audits. The Office is an affiliate member of the International Organisation of Supreme Audit Institutions (INTOSAI), the African Organisation of Supreme Audit Institutions (AFROSAI) and African Organisation of English Speaking Supreme Audit Institutions (AFROSAI-E), which groupings come up with standards and guidelines that members are expected to adhere to.

Quality assurance

As an audit institution, the Office is required to ensure that its processes adhere to quality requirements and the professional code of ethics as required by International Standards for Supreme Audit Institutions (ISSAIs) and International Standards on Auditing (ISAs). The Office has a Quality Assurance Committee headed by a Deputy Auditor-General which is responsible for the quality review functions. In addition, external reviews are conducted periodically by the regional grouping AFROSAI-E.

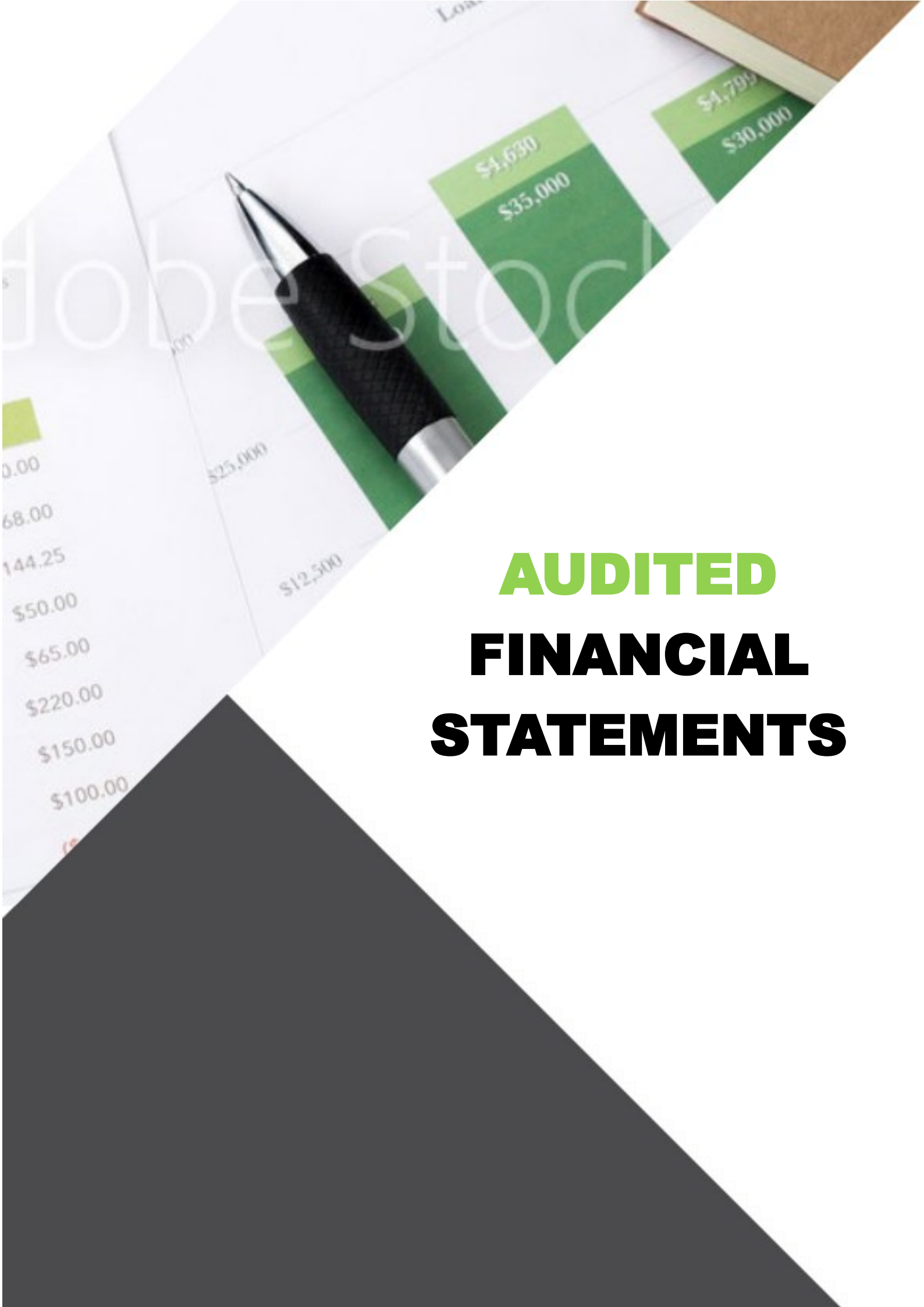
External Technical desk

The Office entered into an agreement with the local consultancy firm Training and Advisory Services (TAS) for the provision of external technical desk services. The arrangement involves the review and provision of second opinion on audit reports of high risk and complex entities. The arrangement is to ensure a high level of quality of reports produced by the Office and is one of the measures taken by the Office to mitigate audit risk.

We subscribe to the following standards and principles:







AUDITED FINANCIAL STATEMENTS



AUDIT OFFICE

Audit Office Board's responsibility and approval of inflation adjusted financial statements

For the year ended December 31, 2021

The Audit Office Board is required in terms of applicable regulations to maintain adequate accounting records and is responsible for the content and integrity of the inflation adjusted financial statements and related financial information included in this report. It is its responsibility to ensure that the inflation adjusted financial statements fairly present the state of affairs of the Audit Office as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Public Sector Accounting Standards (IPSAS).

The external auditor is engaged to express an independent opinion on the inflation adjusted financial statements.

The inflation adjusted financial statements are prepared in accordance with International Public Sector Accounting Standards (IPSAS) and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Audit Office Board acknowledges that it is ultimately responsible for the system of internal financial control established by the Audit Office and place considerable importance on maintaining a strong control environment. To enable the Audit Office to meet these responsibilities, the Audit Office Board sets standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Audit Office and all employees are required to maintain the highest ethical standards in ensuring the Audit Office's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Audit Office is on identifying, assessing, managing and monitoring all known forms of risk across the Audit Office. While operating risk cannot be fully eliminated, the Audit Office Board endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Audit Office Board is of the opinion that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the inflation adjusted financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The Audit Office Board has reviewed the Audit Office's cash flow forecast for the year to December 31, 2022 and, in light of this review and the current financial position, Board is satisfied that the Audit Office has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditor is responsible for independently auditing and reporting on the Audit Office's inflation adjusted financial statements. The inflation adjusted financial statements have been examined by the Audit Office's external auditor and their report is presented on page 4 to 8.



The inflation adjusted financial statements set out on page 9 to 25, which have been prepared on the going concern basis, were approved by the Audit Office Board on **January 30, 2024** and were signed on their behalf by:

R. Kujinga (Ms)
Acting Auditor-General

Signature

27-02-2024

Date

Dr M. T. Kunaka
Acting Board Chairperson

Signature

29/02/2024

Date



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Public Auditors and Accountants
PAAB Registration number Z10054
44 Princess Drive, Newlands
Harare, Zimbabwe
Tel: +263 242 776 753-5
[Email: info@pna.co.zw](mailto:info@pna.co.zw)

INDEPENDENT AUDITOR'S REPORT

TO THE AUDIT OFFICE BOARD

Qualified Opinion

I have audited the inflation adjusted financial statements of the Audit Office set out on pages 43 to 57 which comprise the inflation adjusted statement of financial position as at December 31, 2021, and the inflation adjusted statement of financial performance, inflation adjusted statement of changes in net assets and reserves and inflation adjusted statement of cash flows for the year then ended, and notes to the inflation adjusted financial statements, including a summary of significant accounting policies.

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the accompanying inflation adjusted financial statements present fairly, in all material respects, the inflation adjusted financial position of the Audit Office as at December 31, 2021, and its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards (IPSASs).

Basis for Qualified Opinion

Exchange rates used (non-compliance with IPSAS 4 – The Effects of Changes in Foreign Exchange Rates)

During the financial year, the foreign currency denominated transactions and balances were translated into ZWL using the interbank exchange rates or current auction rates. I concluded that the interbank exchange rates did not meet the definition of a spot exchange rate as per IPSAS 4. The following amounts on the inflation adjusted statement of profit or loss for the year ended December 31, 2021 are impacted:

Revenue from exchange transactions of ZWL211 715 423 (2020: 152 777 402)

Administration costs (including depreciation) of ZWL 843 384 072 (2020: ZWL 770 109 198)

Employment costs stated at ZWL 318 384 409 (2020: ZWL 102 556 933)

This impacts the accumulated surplus of ZWL\$353 627 767 on the inflation adjusted statement of financial position. Had the financial statements been prepared in accordance with the requirements of the IPSAS 4, some elements would have been materially different. The effects of non-compliance with the requirements of IPSAS 4 have been considered to be material to the financial statements as a whole.



Assessment of expected credit losses at the reporting date (non-compliance with IPSAS 29 – Financial Instruments: Recognition and Measurement)

International Public Sector Accounting Standard 29 requires an entity to assess at the end of the reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. Included in trade and other receivables are net trade receivables of ZWL 94 094 415 (2020: ZWL 52 654 086) with no assessment of the appropriateness of the judgements used in estimating the allowance for expected credit losses (ECL) as required by IPSAS 29.

Although management assessed the ECL, there was no documentation available to support their methods, assumptions and judgements. As such I was unable to obtain sufficient, appropriate evidence to support the appropriateness of the determined estimated credit losses.

Valuation of Property, Plant and Equipment (non-compliance with IPSAS 17 – Property, Plant and Equipment)

Included in the Audit Office's non-current assets, are motor vehicles and equipment valued at inflation adjusted amounts ZWL\$3 734 667 716 (2020: ZWL\$37 552 413) which constitutes 13% of total assets. The provisions of International Public Sector Accounting Standard 17: *Property, Plant and Equipment* (IPSAS 17) state that revaluations should be carried out regularly, so that the carrying amount of an asset does not differ materially from its fair value at the reporting date.

As defined by IPSAS 17 paragraph 13, fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

IPSAS 17 paragraph 45 states that "the fair value of items of plant and equipment is usually determined from market value determined by appraisal. An appraisal of the value of an asset is normally undertaken by a member of the valuation profession, who holds a recognised and relevant professional qualification" Other matters to consider include, but are not limited to:

- the correlation of the responsiveness of ZWL valuations of property and equipment to the interbank exchange rate and related underlying USD values; and
- the extent to which supply and demand for the items of property and equipment reflect the implications on market dynamics of the interbank exchange rate.

Management elected to revalue the property, plant and equipment by using USD denominated inputs. The revaluation exercise was carried out on 31 December 2022 at which point the USD denominated inputs were obtained from the market and translated to 31 December 2021 with the assumption that the USD prices did not suffer volatility. The determined values were translated to ZWL using the closing USD/ZWL interbank exchange rate as at December 31, 2021.

In my judgement, the assumptions and methods that were used by management to determine the USD valuations for the property, plant and equipment may not be an accurate reflection of market dynamics on risks associated with currency movements against the risks associated with property values without further adjustments to reflect how the economic conditions within the country are as at the measurement date, therefore property and equipment and revaluation reserves may be materially misstated. As such was unable to obtain sufficient appropriate evidence to support the appropriateness of the application of the ZWL/USD auction exchange rate in the determination of the final ZWL fair valuations presented.

As defined by paragraph 7 of the IPSAS Glossary of Defined terms, fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

**Burroughs House property (non-compliance with IPSAS 13 – Leases)**

Included in the Audit Office's non-current assets, is the Burroughs House property valued at inflation adjusted amount of ZWL\$24 551 680 681 (2020: ZWL\$ 25 139 744 888) which constitutes 87% of total assets. In 2006, Treasury on behalf of the Audit Office, purchased Burroughs House, situated at 48 G. Silundika Avenue in Harare. The title of the property was transferred to Audit Office and instead, the Audit office as a tenant of Government, under a free-lease agreement, with all major repairs and management of the building being carried out by the Ministry of Local Government and Public Works. Notwithstanding that management has disclosed Burroughs House as a right-of-use asset under IPSAS 13, the methods and assumptions used in the discounting of the fair value of the right-of-use asset are not in compliance with International Public Sector Accounting Standards.

Other matters to consider include, but are not limited to:

- the correlation of the responsiveness of the ZWL valuations of property and equipment to the inter-bank exchange rate and related underlying USD values; and
- the extent to which supply and demand for the items of property and equipment reflect the implications on market dynamics of the interbank exchange rate.

Management elected to revalue Burroughs House by using USD denominated inputs. The revaluation exercise was carried out on 12 October 2023 at which point the USD denominated inputs were obtained from the market and discounted to 31 December 2021 with the assumption that the USD prices did not suffer volatility. The determined values were translated to ZWL using the closing USD/ZWL interbank exchange rate as at October 12, 2023.

In my judgement, the assumptions and methods that were used by management to determine the USD valuations for the right of use asset may not be an accurate reflection of market dynamics on risks associated with currency movements against the risks associated with property values without further adjustments to reflect how the economic conditions within the country are as at the measurement date, therefore the right of use asset, lease liability and revenue from the write-off of the lease liability may be materially misstated. As such I was unable to obtain sufficient appropriate evidence to support the appropriateness of the application of the ZWL/USD auction exchange rate in the determination of the final ZWL fair valuations presented.

The effects of the above departures from IPSAS are material to the inflation adjusted financial statements.

Consequential impact of the above matters on IPSAS 10 (Financial Reporting in Hyper Inflationary Economies) accounting

Furthermore, notwithstanding that IPSAS 10 - Financial Reporting in Hyperinflationary Economies has been applied from 1 April 2019, it is noted that its application was based on prior and current periods' financial information which has been misstated as a result of matters described above. Had the correct base numbers and start date been used, the amounts specified above as per the inflation adjusted financial statements would have been materially different. Consequently, the monetary loss of ZWL\$68 965 586 (2020: monetary loss of ZWL \$50 584 139) on the inflation adjusted statement of financial performance is impacted.



The effects of the above departures from IPSAS are material to the inflation adjusted financial statements.

I conducted my audit in accordance with International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Inflation adjusted financial statements section of report. I am independent of the Audit Office in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to my audit of the inflation adjusted financial statements in Zimbabwe, and I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other Matter – Grant Income

The Audit Office, in common with other government entities of a similar nature derives a substantial amount of its income from grants and donations which cannot be fully controlled until they are recorded in the Audit Office's accounting records. My examination did not extend beyond receipts recorded. However, I am not aware of any circumstances which would indicate that any income has not been brought into account.

Key audit matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the inflation adjusted financial statements of the year ended December 31, 2021. These matters were addressed in the context of my audit of the inflation adjusted financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters. I have determined there are no key audit matters to be communicated in my report.

Other information

The Audit Office Board is responsible for the other information. The other information comprises the Audit Office Board's Responsibility Statement and the Historical Cost financial information, which I obtained prior to the date of this report. The other information does not include the inflation adjusted financial statements and the auditor's report thereon. My opinion on the inflation adjusted financial statements does not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or the knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. As described in the Basis of Qualified Opinion section above, the Audit Office did not comply with the requirements of IPSAS 4 – Effects of Changes in Foreign Exchange Rates. I have concluded that the other information is materially misstated for the same reason with respect to the amounts or other items included therein and affected by the failure to comply with the referred standard.



Responsibilities of the Audit Office Board for the inflation adjusted financial statements

The Audit Office Board is responsible for the preparation and fair presentation of the inflation adjusted financial statements in accordance with IPSASs, the relevant statutory instruments and for such internal control as it determines is necessary to enable the preparation of inflation adjusted financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the inflation adjusted financial statements, the Audit Office Board is responsible for assessing the Audit Office's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it either intends to liquidate the Audit Office or to cease operations, or has no realistic alternative but to do so.

The Audit Office Board is responsible for overseeing the Audit Office's financial reporting process.

Auditor's responsibilities for the audit of the inflation adjusted financial statements

My objectives are to obtain reasonable assurance about whether the inflation adjusted financial statements as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 ISAs 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 inflation adjusted financial statements.

As part of an audit in accordance with ISAs, I exercised professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the inflation adjusted 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 control.
- Obtain an understanding of internal control 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 Audit Office's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Audit Office Board.
- Conclude on the appropriateness of Audit Office Board'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 Audit Office's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in
- Evaluate the overall presentation, structure and content of the inflation adjusted financial statements, including the disclosures, and whether the inflation adjusted financial



statements represent the underlying transactions and events in a manner that achieves fair presentation.

I 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.

I also 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, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the inflation adjusted financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the accompanying inflation adjusted financial statements have, in all material respects, been properly prepared in compliance with the disclosure requirements of and in the manner required by the Audit Office Act [Chapter 22:18], the Public Finance Management Act [Chapter 22:19] and relevant Treasury Instruments with regards to the requirement to comply with the International Public Sector Accounting Standards.

The engagement partner on the audit resulting in this independent auditor's report on the inflation adjusted financial statements of the Audit Office for the year ended December 31, 2021 is Shepherd Nhondova.

On this **1st** day of **March 2024** at Harare

Signed by:

Mr. Shepherd Nhondova

Audit Partner

Registered Public Auditor (Zimbabwe)

PAAB Registration Number: 0552

For and on behalf of:

PNA CHARTERED ACCOUNTANTS

Registered Public Auditors (Zimbabwe)

PAAB Firm Registration Number: Z10054

Address: 44 Princess Drive, Newlands, Harare



Statement of Financial position

As at December 31, 2021

Assets	Note	INFLATION ADJUSTED		HISTORICAL COST	
		2021	2020	2021	2020
		ZWL\$	ZWL\$	ZWL\$	ZWL\$
Non-current assets					
Property and equipment	18	28 286 348 397	25 177 297 303	4 023 084 412	305 339 125
Total non-current assets		28 286 348 397	25 177 297 303	4 023 084 412	305 339 125
Current assets					
Inventory	17	3 897 242	6 751 101	3 071 970	2 680 270
Receivables	16	94 094 415	52 654 086	94 094 415	32 757 876
Cash and cash equivalents	15	101 189 273	24 692 462	101 189 273	15 362 010
Total current assets		199 180 930	84 097 649	198 355 658	50 800 156
Total assets		28 485 529 327	25 261 394 352	4 221 440 070	356 139 261
Liabilities					
Payables under non-exchange transactions	19	24 151 680 681	25 139 744 889	288 416 696	295 324 880
Total reserves		25 151 680 861	25 139 744 889	288 416 696	295 324 880
Current liabilities					
Payables under exchange transactions	20	4 818 166	6 491 904	4 818 166	4 038 832
Total current liabilities		4 818 166	6 491 904	4 818 166	4 038 832
Total equity and liabilities		24 556 498 847	25 148 236 783	293 234 862	299 363 712
Net of total assets and total liabilities		3 929 030 460	115 158 159	3 928 205 208	56 775 569
Net Assets					
NET ASSETS/EQUITY					
Accumulated Fund		353 627 767	115 158 159	304 696 322	56 775 569
Revaluation Reserve		3 575 402 713	-	3 623 508 886	-
TOTAL NET ASSETS/EQUITY		3 929 030 480	115 158 159	3 928 205 208	56 775 569

FEB 26, 2024
Date

29-02-2024
Date

29/02/2024
Date

[Signature]
L.Mpofu (Mr) R.P.Acc(Z)
Acting Director Finance

[Signature]
R. Kujinga (Ms)
Acting Auditor General

[Signature]
Dr M. T. Kunaka
Acting Board Chairperson



Audit Office

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED DECEMBER 31, 2021

		INFLATION ADJUSTED			HISTORICAL COST		
	Note	2021	2020	2020	2021	2020	2020
		ZWL\$	ZWL\$	ZWL\$	ZWL\$	ZWL\$	ZWL\$
		IPSAS	IPSAS	IFRS	IPSAS	IPSAS	IFRS
Income							
Revenue							
Revenue as per IFRS	22.1	-	-	981,478,131	-	-	163,098,351
Revenue from non-exchange transactions	22.2	1,251,843,041	828,700,729	-	530,967,106	102,443,843	-
Revenue from exchange transactions	22.3	211,715,423	152,777,402	-	166,882,991	60,654,508	-
Total revenue		1,463,558,464	981,478,131	981,478,131	697,850,097	163,098,351	163,098,351
Expenditure							
Administration costs	23	843,384,072	770,109,198	770,109,198	203,415,170	77,278,798	77,278,798
Employment costs	24	318,534,409	102,556,933	102,556,933	251,082,203	40,716,364	40,716,364
Total expenditure		1,161,918,481	872,666,131	872,666,131	454,497,373	117,995,162	117,995,162
Surplus before monetary loss		301,639,983	108,812,000	108,812,000	243,352,724	45,103,189	45,103,189
Monetary loss		(68,965,586)	(50,584,139)	(50,584,139)	-	-	-
Surplus before exchange gains		232,674,397	58,227,861	58,227,861	243,352,724	45,103,189	45,103,189
Net exchange gain on foreign currency translation		5,795,211	3,488,308	3,488,308	4,568,029	3,488,308	3,488,308
Surplus for the year		238,469,608	61,716,169	61,716,169	247,920,753	48,591,497	48,591,497



Audit Office

STATEMENT OF CHANGES IN NET ASSETS/EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2021

INFLATION ADJUSTED	Revaluation	Accumulated	Total	Total
	reserve	fund		
	ZWL\$ IPSAS	ZWL\$ IPSAS	ZWL\$ IPSAS	ZWL\$ IFRS
	Reported	Reported	Reported	Reported
Net assets as at January 01, 2020	-	53,441,990	53,441,990	53,441,990
Changes in net assets				
Surplus for the year	-	61,716,169	61,716,169	61,716,169
Net assets as at December 31, 2020	-	115,158,159	115,158,159	115,158,159
Changes in net assets				
Surplus for the year	3,575,402,713	238,469,608	3,813,872,321	3,813,872,321
Net assets as at December 31, 2021	3,575,402,713	353,627,767	3,929,030,480	3,929,030,480

HISTORICAL COST	Revaluation	Accumulated	Total	Total
	reserve	fund		
	ZWL\$ IPSAS	ZWL\$ IPSAS	ZWL\$ IPSAS	ZWL\$ IFRS
	Reported	Reported	Reported	Reported
Net assets as at January 01, 2020	-	8,184,072	8,184,072	8,184,072
Changes in net assets				
Surplus for the year	-	48,591,497	48,591,497	48,591,497
Net assets as at December 31, 2020	-	56,775,569	56,775,569	56,775,569
Changes in net assets				
Surplus for the year	3,623,508,886	247,920,753	3,871,429,639	3,871,429,639
Net assets as at December 31, 2021	3,623,508,886	304,696,322	3,928,205,208	304,696,322



Audit Office

STATEMENT OF CASH FLOWS

AS AT DECEMBER 31, 2021

		INFLATION ADJUSTED		HISTORICAL COST	
	Notes	2021	2020	2021	2020
		ZWL\$	ZWL\$	ZWL\$	ZWL\$
Cash flows from operating activities					
Surplus for the year		232 674 397	58 227 861	243 352 724	45 100 18
Adjustments for:					
Depreciation	22	609 313 644	598 715 108	18 452 430	9 233 236
Revenue from non-exchange transactions		(588 064 208)	(588 064 208)	(6 908 184)	(6 908 184)
Allowance for expected credit losses					
Allowances for expected credit losses		2 166 402	-	2 166 402	-
Net exchange gain foreign currency transactions		5 795 211	3 488 308	4 568 029	3 488 308
Net cash inflows after adjustments		261 885 646	72 367 069	261 631 401	50 916 549
Working capital changes					
Increase in receivables		(43 606 731)	(23 256 157)	(63 502 941)	(30 587 821)
(Increase)/decrease in inventories		2 853 859	(3 825 040)	(391 700)	(1 663 061)
(Decrease)/increase in payables		(1 673 738)	(8 656 132)	779 334	(3 605 895)
Net cash inflows/outflows from working capital changes		(42 426 610)	(35 737 329)	(63 115 307)	(35 856 777)
Cash inflows from operating activities		219 459 036	36 629 740	198 516 094	15 059 772
Cash flow from investing activities					
Purchase of property and equipment		(142 977 480)	(20 338 791)	(112 700 856)	8 074 750
Disposal of property and equipment		15 255		12 025	
Net cash outflows from investing activities		(142 962 225)	(20 338 791)	(112 688 831)	8 074 750
Increase/(decrease) in cash and cash equivalents		76 496 811	16 290 949	85 827 263	23 134 522
Movement of cash and cash equivalents					
Cash and cash equivalents at beginning of year		24 692 462	8 401 513	15 362 010	1 165 198
Increase/(decrease) in cash and cash equivalents		76 496 811	16 290 949	85 827 263	14 196 812
Cash and cash equivalents at end of year	15	101 189 273	24 692 462	101 189 273	15 362 010

The inflation adjusted results are the primary financial results. However, the historical cost results are included as supplementary information to meet other user requirements.

The accompanying notes to the financial statements are an integral part of these financial statements



Audit Office

Notes to the financial statements

As at December 31, 2021

1. Nature of business

The reporting entity 'The Audit Office' was established by section 305 of the Constitution of Zimbabwe Amendment (No. 20) Act 2013 to execute the functions of the Auditor-General which are enshrined in section 309 (2)(a)-(d), principally being to provide auditing services to departments, institutions and agencies of Government, all provincial and metropolitan councils and all Local Authorities.

The reporting entity's functions and operations are executed through Divisions which are centrally located at Head Office, Burroughs House, No. 48 G. Silundika Avenue Harare.

The office's clientele base consists of:

- a. The Parliament of Zimbabwe, and
- b. Public Entities

2. BASIS OF PREPARATION

2.1 Statement of compliance

The Audit Office made an early adoption of the International Public Sector Accounting Standards (IPSAS) at the beginning of the year. The Government-wide transitional period of adopting IPSAS will be January 1, 2022 to year ending December 31, 2024. The financial statements have been prepared on an accrual basis but adopted partial compliance with some of the International Public Sector Accounting Standards as it is in the transitional period to adoption of the standards. The Office is waiting for Government guidelines as to how Property, plant and equipment will be valued in the financial statements during and after the transitional period. The financial statements have been prepared on a going concern basis. However, there are still certain standards such as IPSAS 17, Property, plant and equipment; IPSAS 4: The Effects of Changes in Foreign Exchange Rates and IPSAS 10: Financial Reporting in Hyperinflationary Economies which their guidance is not yet finalised by the authorities who regulate the reporting framework for all public institutions.

2.2 New and Revised IPSAS Standards

The International Public Sector Accounting Standards Board (IPSASB), has issued new IPSAS two new standards, namely, IPSAS 43: Leases, and IPSAS 44: Non-current assets held for sale and Discontinued operations which will be effective for annual period beginning on or after January 1, 2025. The Audit Office has not yet adopted them even though earlier application is allowed.

2.3 Basis of measurement

The Office's functional and presentation currency is the Zimbabwe dollar (ZWL) for the financial year ended December 31, 2021. Historical cost comparative financial information

as at and for the year ended December 31, 2020 was accounted for in ZWL (Zimbabwe dollar) and adjusted to comply with the requirements of IPSAS 10.

2.4 Going concern

Management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue with its mandate for the foreseeable future. However, management believe that under the current economic environment, a continuous assessment of the ability of the Office to continue to operate as a going concern needs to be performed to determine the continued appropriateness of the going concern.

The financial statements set out in this report have been prepared by management in accordance with IPSAS. The statements are based on the appropriate accounting policies which were supported by reasonable and prudent judgements and estimates.

Furthermore, management is not aware of any material uncertainties that may cast significant doubt on the Office's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

2.4 Functional and presentation currency

The organisation's financial statements are presented in Zimbabwean Dollars, which was determined to be the organisation's functional currency. The organization applied this judgement after Government promulgated Statutory Instrument 33 of 2019 (SI 33) on February 22, 2019, giving legal effect to the reintroduction of the Zimbabwe Dollar (ZWL) as legal tender and prescribed that for accounting and other purposes, certain assets and liabilities on this effective date would be deemed to be Zimbabwe Dollar at a rate which was at par with the United States Dollar (USD).

2.6 Inflation Accounting

The Public Accountants and Auditors Board issued pronouncement 01/2019 on the application of International Public Sector Accounting Standards (IPSAS) 10: Financial Reporting in Hyperinflationary Economies in Zimbabwe. The pronouncement advised that there was broad market consensus within the accounting and auditing profession in Zimbabwe that the factors and characteristics to apply the financial Reporting in Hyperinflationary Economies Standard (IPSAS 10), in Zimbabwe had been met and that organisations ought to apply this standard for reporting periods on or after July 1, 2019. International Public Sector Accounting Standard 10: 'Financial Reporting in Hyperinflationary Economies requires that the financial statements in the currency of a hyperinflationary economy be stated in terms of a measuring unit current at the balance sheet date, and the corresponding figures for the previous period be



restated in the same items. Appropriate adjustments and reclassifications, including restatements for currency changes and general purchasing power of the Zimbabwe dollar and for the purposes of fair presentation in accordance with IPSAS 10 have been made in these financial statements to the historical financial information.

For Inflation adjustments, the following indices were used:

CPI description	Index	Factor
CPI as at December 31, 2021	3977.46	1.00
CPI as at December 31, 2020	2474.51	1.61
Average		
CPI Average for 2021	3125.20	1.27

The main procedures applied for inflation adjustments are as follows:

All corresponding figures as of and for the year ended December 31, 2020 are inflation adjusted in terms of the measuring unit current at the reporting date as follows:

- Monetary assets and liabilities are inflation adjusted by applying the change in the index from the December 31, 2020 to December 31, 2021.
- Non-monetary assets and liabilities that were not carried at amounts current at December 31, 2020 and components of equity are inflation adjusted by applying the change in the index from the December 31, 2020 to December 31, 2021.
- Profit or loss items/transactions except the depreciation charges, are inflation adjusted by applying the change in the index from the December 31, 2021. Depreciation amounts are based on inflation adjusted carrying amounts.

All current year figures are translated using the following procedures:

- Monetary assets and liabilities that are carried at amounts current at statement of financial position date are not inflation adjusted because they are already expressed in terms of the monetary unit current at the reporting date.
- Non-monetary assets and liabilities that were not carried at amounts current at December 31, 2021 and components of equity are inflation adjusted by applying the change in the index from December 31, 2020 to December 31, 2021.
- Profit or loss items/transactions, except the depreciation charges, are inflation adjusted by applying the change in the index from the December 31, 2021. Depreciation amounts are based on inflation adjusted carrying amounts.
- The effect of inflation on the net monetary position of the entity is included in the statement of Performance as a loss or gain on monetary position.
- All items in the statement of cash flows are expressed in terms of the measuring unit current at the statement of financial position date.

3. Statement of Compliance with legal and regulatory requirements

Government as a whole has announced the intent to be in the transitional period by adopting IPSAS standards. In this regard, the Audit Office will be guided by guidelines to these developments.

4. Critical Accounting Estimates and Judgements

In the application of the organisation's accounting policies, which are described in note 5, management is required to make judgements (other than those involving estimates) that have a significant impact on the amounts recognized and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may be different from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions and accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

4.1 Revaluation of assets

The organization made a management revaluation of assets as at 31 December 2021. Management used the United States Dollar market prices which were observable in an active market which represented recent market transactions on an arm's length term as a base to restate assets to gross carrying amount. These prices were then translated into local currency based on the interbank rate which at the close of the period was US\$1 : ZWL\$108.67. The asset's useful lives were estimated having considered whether the asset will still be in use or in a position to increase the economic benefits to the organization. When an asset was revalued, all classes were revalued. Taking into consideration past experience, technology changes and the local operating environment, no residual value was estimated. The new useful lives are set out in note 5.5.1. Changes and adjustments for depreciation were also done with effect of revaluation increases recognized in the statement of changes in net assets. The inflation adjusted carrying amount of the organization's property, plant and equipment is ZWL 28 266 348 397 (2020: ZWL 25 177 297 303).

4.2 Useful lives and residual values of property, plant and equipment

The organization assesses useful lives and values of property, plant and equipment each year taking into consideration past experience, technology changes and the local operating environment. The useful lives are set out in note 5.5.1 and no changes to those useful lives have been considered necessary during the year. Residual values will be reassessed each year and adjustments for depreciation will be done in future periods if there is any indication of impairment in value.



The financial statements set out in this report have been prepared by management in accordance with IPSAS. The statements are based on the appropriate accounting policies which were supported by reasonable and prudent judgments and estimates.

The Audit Office's accounting and internal control systems are designed to provide reasonable assurance as to the integrity and reliability of the financial statements and to adequately safeguard, verify and maintain accountability of its assets. Such controls are based on established written policies and procedures and all employees are required to maintain the highest ethical standards in ensuring that the Office's practices are conducted in the manner which in all reasonable circumstances is above reproach. Issues that come to the attention of the Audit Office have been addressed and management confirms that the systems of accounting and internal control are operating in a satisfactory manner. In light of the current financial position, management is satisfied that the Audit Office is a going concern and has continued to adopt the going concern basis in preparing the financial statements.

Furthermore, management is not aware of any material uncertainties that may cast significant doubt on the Audit Office's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on a going concern basis.

Management made specific assessments on net asset position and any cash flows including the impact of the Covid-19 pandemic.

Covid-19 Impact

The corona virus disease also referred to as COVID-19 disease by the World Health Organisation (WHO) was declared a global pandemic in the previous financial year. The virus variant (Omicron variant) pandemic spread to Zimbabwe, the organisation's primary economic environment and mandate area in the current year. As a COVID-19 risk management measure, Zimbabwe has been under close down conditions to varying degrees since end of March 2020 up to the time of signing off these financial statements.

In compliance with the COVID-19 health requirements, the organization is continuing to incur expenditure towards mitigating the pandemic risks. The lockdown conditions had the impact slowing down the organisation's ability to discharge its statutory obligations of auditing public entities in Zimbabwe with particular reference to the fiscal year ended 31 December 2021.

All strategies put in place by the Audit Office to manage the pandemic are premised on the understanding that the safety and health of people are a top priority.

Having considered the probable impact of the COVID-19 variant pandemic on the Audit Office and all its key stakeholders, management concluded that the preparation of financial statements on the going concern basis was appropriate.

4.4 Fair Value Estimation

The carrying value of accounts receivable and payable is assumed to approximate their fair values. The fair value of financial instruments is estimated by discounting the future contractual cash flows at the current market interest rate that

is available to the organization for similar financial instruments.

5. Accounting policies

Summary of significant accounting policies

The principal accounting policies applied in the preparation of financial statements are set out below:

The financial statements are based on statutory records that are maintained under the historical cost convention and have been inflation adjusted in accordance with IPSAS 10: Financial Reporting in Hyperinflationary Economies which requires the use of a general price index that reflects changes in the general purchasing power of the presentation currency.

The preparation of financial statements in conformity with IPSAS requires the use of certain critical accounting estimates. It also requires management to its judgement in the process of applying the organisation's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the periods the assumptions are made. Management believes that the underlying assumptions are appropriate. The areas involving a higher degree of judgment of complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in note 5 to the financial statements.

5.1 Foreign currency translation balances

5.1.1 Foreign currencies

Items included in the financial statements are measured using the currency of the primary economic environment in which the organization operates (the functional currency). The financial statements are presented in the Zimbabwean dollar (ZWL) which is the organisation's functional and presentation currency.

5.1.2 Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at

the dates of the transactions. Foreign exchange rates and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of financial performance.

5.1.3 Exchange rate

The organization entered into foreign currency transactions throughout the year. Transactions in foreign currencies are initially recorded by the organization at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. In determining transactional and closing exchange rates, the organization made use of the prevailing interbank rate and trading arrangements.

5.2 Employee benefits

Both employer and employee contribute to the National Social Security Authority Scheme (NSSA). This is a social security



scheme which was promulgated under the National Social Security Act. The organisation's obligations under the scheme are limited to specific contributions as legislated from time to time.

5.3 Termination benefits

Termination benefits are payable when the organization terminates employment before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The organization recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without the possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the reporting period are discounted to their present value.

5.4 Retirement benefit costs.

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered services entitling them to the contributions.

Retirement benefits are for organisation's employees through an independently administered defined contribution fund and the Zimbabwe Government's National Social Security Authority (NSSA). With the organization's independent fund, contributions are charged to the statement of financial performance so as to spread the cost of pension over the employee's working life within the organization. The amounts payable to the National Social Security Authority are determined by the systematic recognition of legislated contributions. Payments to the two retirement benefit schemes are charged as an expense as they fall due.

5.5 Property and equipment

5.5.1 Equipment and mobile assets

Other assets are stated at revalued amounts being gross replacement costs. Subsequently, the assets will be depreciated using the below estimated useful lives to allocate the revalued amounts of each asset on a straight line basis.

	Year
Motor vehicles	5
Office equipment	10
Computer equipment	3
Furniture and fittings	10

The assets' useful lives and depreciation methods are reviewed and adjusted, if appropriate, at each reporting date.

5.5.2 Buildings

Burroughs house

The Building (Burroughs House) is the property of the Government of Zimbabwe, purchased on September 1, 2006 and managed by the Ministry of Local Government and Public Works. It was leased to the Audit Office free of charge on August 16, 2010.

This is a non-exchange contract in accordance with IPSAS 23. A liability in relation to the transaction was recognized in the financial statements (refer to note 20) and the building was recognized as part of property and equipment in accordance with IPSAS 17. The building is measured at cost less accumulated depreciation and amortisation.

The building has a useful life of 40 years and this useful life is reviewed regularly.

5.6 Inventory

Inventory is stated at the lower of cost or net realizable value. Cost is determined using the first-in first-out method. Net realizable value is the estimated selling price less estimated selling expenses.

5.7 Prepayments and deposits

The organization makes advance payments in respect of some key goods and services associated with its overall operations. The prepayments are initially recognized as assets in the statement of financial position and subsequently expensed to the statement of financial performance or capitalized to other assets on delivery.

5.8 Provisions

Provisions are recognized when the Office has a present legal obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow would be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow in respect of any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognized as interest expense.

6. Financial instruments

6.1 Financial assets

(a) Classification and measurement under IPSAS 29

The organization classifies its financial assets based on amortised cost model because its objective is to collect all contractual cash flows in the foreseeable future.

(b) Recognition

The organization recognizes a financial asset or financial liability in the statement of financial position when it becomes a party to the contractual provisions of the instrument.

(c) Derecognition

A financial asset is derecognized when the organization loses control over the contractual rights that comprise the asset. A financial liability is derecognized when it is paid or settled.

(d) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(e) Impairment of financial assets

Allowance for credit losses

The organization assesses at each reporting date whether there is objective evidence that an asset or group of financial assets is impaired.



Objective evidence that a financial asset or group of financial assets is impaired includes observable data that comes to the attention of the organization about the following loss events:

IPSAS 41 impairment requirements use forward-looking information to recognize expected credit losses – the expected credit loss (ECL) model. Instruments within the scope of the requirements included loans and other debt-type financial assets measured at amortised cost.

The Office considers a broad range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward looking approach, a distinction is made between:

Financial instruments that have deteriorated significantly in credit quality since initial recognition or that have low credit risk (Stage 1) and

Financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low (Stage 2)

Stage 3 would cover financial assets that have objective evidence of impairment at the reporting date.

12 –months expected credit losses are recognized for the first category (i.e. Stage 1) while ‘lifetime’ expected credit losses are recognized for the second category (i.e. Stage 2)

Stage 1 refers to Audit fees debtors with less than 1 year and other staff debtors for members currently employed by the organization and use a 2% risk rate.

Stage 2 refers to Audit fees debtors with more than 1 year and other debtors for former staff members. A risk rate of 4% is used for this category.

- a) Significant financial difficulty of the issuer or obligor
- b) A breach of contract such as a default or delinquency in interest or principal payments
- c) It becomes evident that the borrower will enter bankruptcy or financial reorganization
- d) The disappearance of an active market for that financial asset because of financial difficulty
- e) Observable data indicating that there is a measurable decrease in the estimated cashflows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio including:
 - i) Adverse changes in the payment status of borrowers in the portfolio; and
 - ii) National or local economic conditions that correlate with defaults on the assets in the portfolio.

Management first assesses whether objective evidence of impairment exists. The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The asset's carrying amount is reduced and the amount of the loss is recognized in the statement of financial performance. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is

the current effective interest rate determined under the contract.

7. Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances with banks and investments in money market instruments. Cash and cash equivalents included in the cash flow statement comprise the following statement of financial position amounts:

Cash and cash equivalents only includes items held for the purpose of meeting short term cash commitments. Cash and cash equivalents have a maturity of less than three months and are carried at cost which due to their short term nature, approximate their fair value.

8. Revenue

8.1 Revenue from non-exchange transactions

8.1.1 Recognition of revenue from non-exchange transactions

Revenue from non-exchange transactions is recognized as an inflow of resources, and as an entity satisfies a present obligation according to IPSAS 33 para 44-45.

8.1.2 Measurement of revenue from non-exchange transactions

The entity measures the transfers of gross inflows of economic benefits or service potential received or receivable representing an increase in net assets or equity and when it gains control of the resources that meet the definition of an asset.

8.1.2.1(a) Government appropriated transfers

A government appropriated transfer is recognized only when there is reasonable assurance (a) the entity complied with any conditions attached to the transfer and (b) the transfer will be received. The transfer is recognized as income over the period necessary to match them with the related costs, for which they are intended to compensate, on a systematic basis. Non-monetary transfers, such as land or other resources, are usually accounted for at fair value although recording both the asset and the transfer at a nominal amount is also permitted. The transfer income received was recognized as income in the current period. There were no unfulfilled and other contingencies attached to the transfer.

8.1.2.2 (b) Interest income

Interest income is recognized using the effective interest rate method.

8.2 Revenue from exchange transactions

8.2.1 Recognition

Recognition of revenue from exchange transactions is when the outcome of the transaction involving the rendering of services can be measured reliably when (a) the amount of revenue can be measured reliably, (b) it is probable that the economic benefits or service potential associated with the transaction will flow to the entity, and the stage of completion of the transaction at the reporting date can be measured reliably.

8.2.2 Measurement

It includes only the gross inflows of economic benefits or service potential received and receivable by the organisation on its own account when a potential obligation is satisfied by transferring a promised service to the customer with passing of control either overtime or at a point in time at fair value. It is recognized to depict the transfer in an amount that reflects the consideration to which the organization expects to be entitled in exchange of these services.



8.2.2.1 (a) Rendering of services

Revenue is recognized when performance obligation is satisfied. The entity recognizes revenue when (or as) it satisfies a performance obligation by transferring a promised good or service to a customer which is when control is passed, either over time or a point in time.

Control of an asset means having the ability to direct the use of, and obtain substantially all of the remaining benefits from the asset.

Revenue is recognized to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for goods or services. The organization recognizes revenue when performance obligations are satisfied when (i) it can identify the contracts with the customer, (ii) identify the performance obligations in the contract, (iii) determine the transaction price, and (iv) allocate the transaction price.

9. Taxation

The Audit Office is exempted from paying income tax in terms of the Income Tax Act (Chapter 23:06), except for Pay as You Earn (P.A.Y.E) levied on the Office's employees' salaries, which is deducted at source, remitted by the salary Service Bureau (SSB).

The Audit Office is not registered as a tax agent and therefore neither does it charge nor collect Value Added Tax (VAT) on its audit services as per the VAT Act (Chapter 23:12)

10. Reclassification of items previously presented

The entity was previously preparing the financial statements in accordance with the International Financial Reporting Standards (IFRS) as its primary Generally Accepted Accounting Standards (GAAP), it has adopted the new reporting framework International Public Sector Accounting Standards (IPSAS) components resulting in the reclassification of certain comparatives of financial statements.

Revenue	Historical Cost		
	IPSAS	IPSAS	IFRS
	2021	2020	2020
	ZWL	ZWL	ZWL
Revenue as per IFRS	-	-	156 190 167
Revenue from non-exchange	269 007 290	54 819 295	-
Revenue from exchange	691 882 966	101 370 872	-
Total Revenue	960 890 256	156 190 167	156 190 167

The reason for the reclassification is to comply with IPSAS 1 para 55

11. Related Parties

Key Management Personnel

The key management personnel are the Auditor-General, the Deputy Auditors-General, and Directors.

The aggregate remuneration of members determined on a full time equivalent basis receiving remuneration within this category are

Number of persons	15
Aggregate Remuneration	ZWL\$26 116 584

12. Risk Management

12.1 Financial risk management

The organization is exposed through its operations to the following financial risks

- Foreign risk
- Credit risk
- Liquidity risk

The organisation's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the organization.

Risk management is carried out by management under policies approved by the Audit Office Board/Ministry of Finance and/or the Auditor-General. Management identifies and evaluates financial risks such as foreign exchange risk, interest risk and credit risk.

(a) Foreign exchange risk

The organization is exposed to foreign exchange risks.

The organization undertakes transactions denominated in foreign currencies. Consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters.

(b) Credit risk

Credit risk is the risk that one party to a financial instrument will cause financial loss to the other party by failing to discharge a contract. Credit risk arises from credit exposures to outstanding receivables whenever they are overdue. Some receivables are overdue but are all collectible in full from State-owned-enterprises. Credit risk is managed at organization-wide basis. Counterparty risk is further managed by constant engagement of credit customers to determine the current position.

	Inflation adjusted		Historical Cost	
	IPSAS Reported	IPSAS Reported	IPSAS Reported	IPSAS Reported
	2021	2020	2021	2020
	ZWL	ZWL	ZWL	ZWL
Receivables	94 094 415	52 654 086	94 094 415	32 757 876
Total Receivables	94 094 415	52 654 086	94 094 415	32 757 876

The fair value of receivables as at December 31, 2021 approximates the carrying amount

Analysis by credit quality of financial assets is as follows:

Neither past due nor impaired Cash and cash equivalents	101 189 273	24 692 452	101 189 273	15 362 010
Past due and not impaired Receivables	94 094 415	52 654 086	94 094 415	32 757 876
Past due and impaired Receivables	-	-	-	-

Receivables are all collectible from fellow State-owned entities and other receivables are collectible.



13. Risk Management (continued)

13.1 Financial risk management (continued)

c. Liquidity Risk (continued)

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities. The organization manages liquidity risk by continuously monitoring forecast and actual cash flows. Liquidity risk is the risk that the organization may fail to meet its payment obligations when they fall due, the consequences of which may be the failure to meet the obligations to creditors. The organization identifies the risk through periodic liquidity gap analysis and the maturity profile of assets and liabilities. Where major gaps appear, action is taken in advance to close or minimize the gaps.

	On demand less than one month ZWL\$	From 1 to 6 months ZWL\$	Over 6 months ZWL\$	Total ZWL\$
At 31 December 2021				
Assets				
Receivables (excluding prepayments)	13 188 994	27 402 520	39 624 691	82 382 607
Cash and cash equivalents	101 189 273	-	-	101 189 273
Total	114 378 267	27 402 520	39 624 691	183 571 880
Liabilities				
Payables	4 818 166	-	-	4 818 166
Total	4 818 166	-	-	4 818 166
Liquidity gap – favourable	109 560 101	27 402 520	39 624 691	178 753 714

14. Capital risk management

Assets as per statement of financial position

	Inflation adjusted 2021 ZWL\$	Inflation adjusted 2020 ZWL\$	Historical cost 2021 ZWL\$	Historical cost 2020 ZWL\$
Inventory	3 897 242	6 751 101	3 071 970	2 680 270
Trade and Other Receivables	94 094 415	52 654 086	94 094 415	32 757 876
Cash and cash equivalents	101 189 273	24 692 462	101 189 273	15 362 010
	199 180 930	84 097 649	198 355 658	50 800 156

Liabilities as per statement of financial position

Other financial liabilities at amortised cost	4 818 166	6 491 904	4 818 166	4 038 832
	4 818 166	6 491 904	4 818 166	4 038 832

The organisation's objectives when managing capital (equity) are to safeguard its ability to continue as a going concern in order to continue providing services to clients and other stakeholders. The organization may adjust the amount of investments it holds from time to time in order to maintain or adjust its capital structure.

15. Cash and cash equivalents

Cash at bank	85 280 503	24 692 462	85 280 503	15 362 010
Short term investments	15 908 770	—	15 908 770	—
Total cash and cash equivalents	101 189 273	24 692 462	101 189 273	15 362 010



16. Receivables from exchange transactions

	Inflation adjusted 2021 ZWL\$	Inflation adjusted 2020 ZWL\$	Historical cost 2021 ZWL\$	Historical cost 2020 ZWL\$
Trade Receivables	84 549 009	45 726 264	84 549 009	28 447 845
Expected credit losses	2 166 402	-	2 166 402	-
Net trade receivables	82 382 607	45 726 264	82 382 607	28 447 845
Other receivables	11 711 808	6 927 822	11 711 808	4 310 031
Total receivables	94 094 415	84 097 649	94 094 415	32 757 876

17. Inventory

Consumables	3 897 242	6 751 101	3 071 970	2 680 270
Total inventory	3 897 242	6 751 101	3 071 970	2 680 270

18. Property and equipment

18.1 Inflation adjusted

Description	Furniture and fittings ZWL\$	Computer Equipment ZWL\$	Office Equipment ZWL\$	Motor Vehicles ZWL\$	Total ZWL\$
18 Inflation adjusted - Property and equipment					
At December 31, 2021					
Cost	683 068 992	1 527 495 775	93 657 914	2 435 145 059	30 457 186 837
Accumulated depreciation	(58 551 079)	(547 178 455)	(34 645 223)	(254 035 255)	(2 180 838 440)
Net book value	624 217 913	880 317 319	59 022 691	2 171 109 793	28 286 348 397
Year ended December 31, 2021					
Opening net book value	7 768 028	3 954 277	4 768 146	21 051 953	25 177 297 303
Additions	17 531 866	2 215 084	-	123 230 530	142 977 480
Disposals	-	-	-	(15 255)	(15 255)
Depreciation charge for the year	(2 156 992)	(5 036 039)	(777 888)	(13 278 717)	(609 313 844)
Revaluation surplus	652 733 143	1 511 278 605	85 889 035	2 276 343 832	4 526 244 615
Revalued accumulated depreciation	(51 658 132)	(632 094 608)	(30 856 602)	(236 232 560)	(950 841 902)
Closing net book value	624 217 913	880 317 319	59 022 691	2 171 109 793	28 286 348 397
At December 31, 2020					
Cost	12 803 983	14 002 086	7 778 879	35 585 952	25 797 979 997
Accumulated depreciation	(5 035 955)	(10 047 909)	(3 010 733)	(14 523 989)	(620 682 694)
Net book value	7 768 028	3 954 277	4 768 146	21 061 952	25 177 297 303
Year ended December 31, 2020					
Opening net book value	8 092 126	2 786 966	5 546 034	11 439 397	25 755 673 620
Additions	880 482	4 768 840	-	14 689 459	20 338 791
Depreciation charge for the year	(1 204 580)	(3 601 529)	(777 888)	(5 066 903)	(598 715 108)
Closing net book value	7 768 028	3 954 277	4 768 146	21 061 952	25 177 297 303



18. Property and equipment

18.2 Historical cost

Description	Furniture and fittings ZWL\$	Computer Equipment ZWL\$	Office Equipment ZWL\$	Motor Vehicles ZWL\$	Total ZWL\$
18 Historic cost - Property and equipment					
At December 31, 2021					
Cost	678 398 142	1 517 093 852	92 766 654	2 421 326 076	5 011 817 798
Accumulated depreciation	(54 180 229)	(636 776 543)	(33 743 963)	(250 216 283)	(988 733 386)
Net book value	624 217 913	880 317 319	59 022 691	2 171 109 793	4 023 084 412
Year ended December 31, 2021					
Opening net book value	1 524 495	1 575 645	523 618	6 390 454	305 339 125
Additions	13 819 353	1 746 022	-	97 135 481	112 700 856
Disposals	-	-	-	(12 025)	(12 025)
Depreciation charge for the year	(882 873)	(892 074)	(71 194)	(9 698 105)	(18 452 430)
Revaluation surplus	652 659 735	1 512 902 578	92 054 715	2 316 228 686	4 583 845 714
Revalued accumulated depreciation	(52 902 800)	(635 014 852)	(33 484 448)	(238 934 728)	(960 336 828)
Closing net book value	624 217 913	880 317 319	59 022 691	2 171 109 793	4 023 084 412

The inflation adjusted carrying amount of the organisation's property and equipment is ZWL 28 286 348 397 (2020: ZWL25 177 297 303, with the net of revaluation surplus of ZWL 3 575 402 713 (2020: ZWL3 623 508 886).

19. Payables under non-exchange transactions

	2021 ZWL	2020 ZWL
19.1 Inflation adjusted		
Opening Carrying Amount	25 139 744 889	25 727 809 097
Charge to Revenue	(588 064 208)	(588 064 208)
Closing Carrying Amount	24 551 680 681	25 139 744 889
	2021 ZWL	2020 ZWL
19.2 Historical Cost		
Opening Carrying Amount	295 324 880	302 233 064
Charge to Revenue	(6 908 184)	(6 908 184)
Closing Net Book Value	288 416 696	295 324 880

20. Payables under exchange transactions

	Inflation adjusted		Historical cost	
	IPSAS reported		IPSAS Reported	
	2021	2020	2021	2020
	ZWL	ZWL	ZWL	ZWL
Trade payables	4 818 166	6 019 337	4 818 166	3 744 832
Other payables	-	472 567	-	294 000
Total payables	4 818 166	6 491 904	4 818 166	4 038 832



20.1 Audit fees provision

Audit fees provision

At the beginning of the year	1 209 687	721 037	294 000	100 000
Provision for the year	-	740 531	-	294 000
Paid during the year	(1 209 687)	(251 881)	294 000	(100 00)
At the end of the year	-	1 209 687	-	294 000

21 Revenue

21.1 Revenue from non-exchange transactions

Government appropriated transfers	339 903 094	138 079 588	267 925 899	54 819 295
Government appropriated salaries	322 503 837	102 556 933	255 051 632	40 716 364
Burroughs house	588 064 208	538 064 208	6 908 184	6 908 184
Other Income –Foreign donation	1 371 902	-	1 081 391	-
Total Revenue	1 251 843 041	828 700 729	530 967 106	102 443 843

21.2 Revenue from exchange transactions

Rendering of services	209 524 814	150 050 429	165 156 261	59 571 866
Other income	2 190 609	2 726 973	1 726 730	1 082 642
	211 715 423	152 777 402	166 882 991	60 654 508
Total revenue	1 463 558 464	981 487 131	697 850 097	163 098 361

22 Administration costs

Communication and information	27 200 339	23 742 567	21 440 450	9 426 091
Educational material	2 004 651	1511	1 580 150	600
Hospitality	9 649 750	-	7 606 338	-
Medical expenses	6 470	16 400	5 100	6 511
Office supplies and services	18 015 534	10 858 334	14 200 601	4 310 892
Rental and hire services	21 670 640	-	17 081 709	-
Training and development	8 380 148	517 785	6 605 585	205 567
Travel expenses – domestic	28 437 330	23 428 126	22 415 498	9 301 254
Travel expenses- foreign	1 470 342	2 605 665	1 158 985	1 034 481
Utilities and other	11 090 135	5 213 388	8 741 710	2 069 779
Bank charges	155 409	858 502	122 500	340 836
Audit fees	-	740 531	-	294 000
Consulting fees	4 991 928	4 441 107	3 934 847	1 763 174
Institutional provisions	55 535 302	49 426 408	43 775 258	19 622 892
Repairs and maintenance	26 341 838	33 372 424	20 763 744	13 249 263
Fumigation and cleaning	955 438	877 693	753 116	348 455
Fuels, oil and lubricants	11 437 705	13 877 008	9 015 680	5 509 343
Allowance for expected credit losses	2 166 402	-	2 166 402	-
Foreign subscriptions	1 265 555	1 416 641	997 564	562 424
Depreciation	609 313 844	598 715 108	18 452 430	9 233 236
Other items not listed above	3 295 312	-	2 597 503	-
Total administration costs	843 384 072	770 109 198	203 415 170	77 278 798



23. Employment costs

	Effect on Inflation adjusted	Effect on Inflation adjusted	Effect on Historical Cost	Effect on Historical Cost
	2021	2020	2021	2020
	ZWL	ZWL	ZWL	ZWL
Pensionable salaries	285 601 363	91 129 549	225 122 993	36 179 552
Bonus	28 110 178	9 660 814	22 157 623	3 835 462
Constitutional appropriations	4 822 868	1766 570	3 801 587	701 350
Total employment costs	318 534 409	102 556 933	251 082 203	40 716 364

24. Prior period error

The Office of the Auditor-General is currently housed at Burroughs house, which is at corner G. Silundika and S.V. Muzenda street.

The building is the property of the Government of Zimbabwe, purchased on September 1, 2006 and managed by the Ministry of Local Government and Public Works. It was leased to the Audit Office free of charge on August 16, 2010.

Since 2010, the building had not been recognized in the financial statements of the Audit Office given that the title deeds are not in the name of the Audit Office. However, in the process of compiling the financial statements for the year ended December 31, 2021 the error was noted as an asset received through a non-exchange transaction.

The error was corrected in the current financial statements, with adjustments made to comparatives. However, adjustments could only be made to the extent of balances for liabilities and assets as at January 1, 2020 and not to equity, as a result of changes that have occurred since the transaction occurred which includes changes in functional currency and Zimbabwe entering a hyperinflationary period.

The impact of the correction of the error is shown below:

Statement of Financial Performance

	Effect on Inflation adjusted	Effect on Inflation adjusted	Effect on Historical Cost	Effect on Historical Cost
	2020	2019	2020	2019
	ZWL	ZWL	ZWL	ZWL
Increase buildings	25 139 744 889	25 727 809 097	295 324 880	302 233 064
Increase in liabilities from non-exchange transactions	(25 139 744 889)	(25 727 809 097)	(295 324 880)	(302 233 064)
Increase/decrease in accumulated surplus	-	-	-	-

Statement of financial position

Increase in revenue from non-exchange transactions	588 064 208	-	5 908 184	-
Increase in depreciation	(588 064 208)	-	(5 908 184)	-
Increase/decrease in surplus	-	-	-	-

25. Events after the reporting date

In February 2022, the Government of Zimbabwe communicated to certain State-Owned entities to change the accounting framework to the International Public Sector Accounting Standards (IPSAS) for the financial year 2021. That change entailed re-statement of the Office of the Auditor-General's IFRS based prior year financial position to IPSAS-based financial position for the comparative period.

OFFICE OF THE AUDITOR-GENERAL

Burroughs House

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Causeway

Harare

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