



# AUDIT OFFICE

## ANNUAL REPORT 2023





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

**OAG ZIMBABWE : STRIVING TO MAKE A DIFFERENCE IN THE LIVES OF  
THE PEOPLE OF ZIMBABWE**

# Contents

<b><u>Table of Contents</u></b> .....	3
<b><u>List of Acronyms</u></b> .....	4
<b><u>About the Audit Office</u></b> .....	5
<b><u>Audit Office : Vision and Mission</u></b> .....	6
<b><u>Corporate Information</u></b> .....	7
<b><u>Audit Office Board Chairman’s Statement</u></b> .....	9
<b><u>Acting Auditor General’s Overview</u></b> .....	11
<b><u>Governance Statement</u></b> .....	15
<b><u>Meet the Audit Office Board</u></b> .....	17
<b><u>Meet the Audit Office Management</u></b> .....	19
<b><u>Governance Arrangement</u></b> .....	20
<b><u>Highlights for 2023</u></b> .....	22
<b><u>Audited Financial Statements</u></b> .....	25





## **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 of 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
ZITF	Zimbabwe International Trade Fair (ZITF)
ZAS	Zimbabwe Agricultural Show





About the

# AUDIT OFFICE

The Audit Office was established in terms of Section 309 of the Constitution of Zimbabwe Amendment (No. 20) Act 2013. The mandate of the Office as highlighted in the Constitution and amplified in the Audit Office Act [Chapter 22:18] is : -

- 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.
- at the request of the Government, the OAG conducts special audits of the accounts of any statutory body or Government-controlled entity. These special audits are often initiated to investigate specific financial irregularities or to provide an assurance on the financial health of the entity.
- to satisfy myself that the receipt and disbursement of public monies has been made in accordance with proper authority and has been correctly accounted for and that all reasonable precautions have been taken to safeguard State property; and
- to carry out Value for Money audits, which entail the examination into the economy, efficiency, and effectiveness with which those entrusted with financial and material resources have utilized them in carrying out their mandates.
- to order the taking of measures to rectify any defects in the management and safeguarding of public funds and public property; and
- to exercise any other functions that may be conferred or imposed on him or her by or under an Act of Parliament.

Furthermore, the Audit Office is a public office but does not form part of the Civil Service. 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”.

Through the execution of its Constitutional mandate, the OAG plays a pivotal role in cultivating a culture of transparency, good corporate governance, and quality service delivery. By ensuring that public funds are managed and safeguarded effectively, the OAG not only contributes to the achievement of national priorities but also pave the way for transparency, accountability, and good corporate governance, which are critical prerequisites for the realization of economic growth and national development priorities.

## National Contribution

Aligned with the national vision of a prosperous and empowered upper-middle-income economy by 2030, the OAG is committed to contributing to this vision through audit by ensuring that those charged with governance and with the management of public resources are held accountable.



OAG

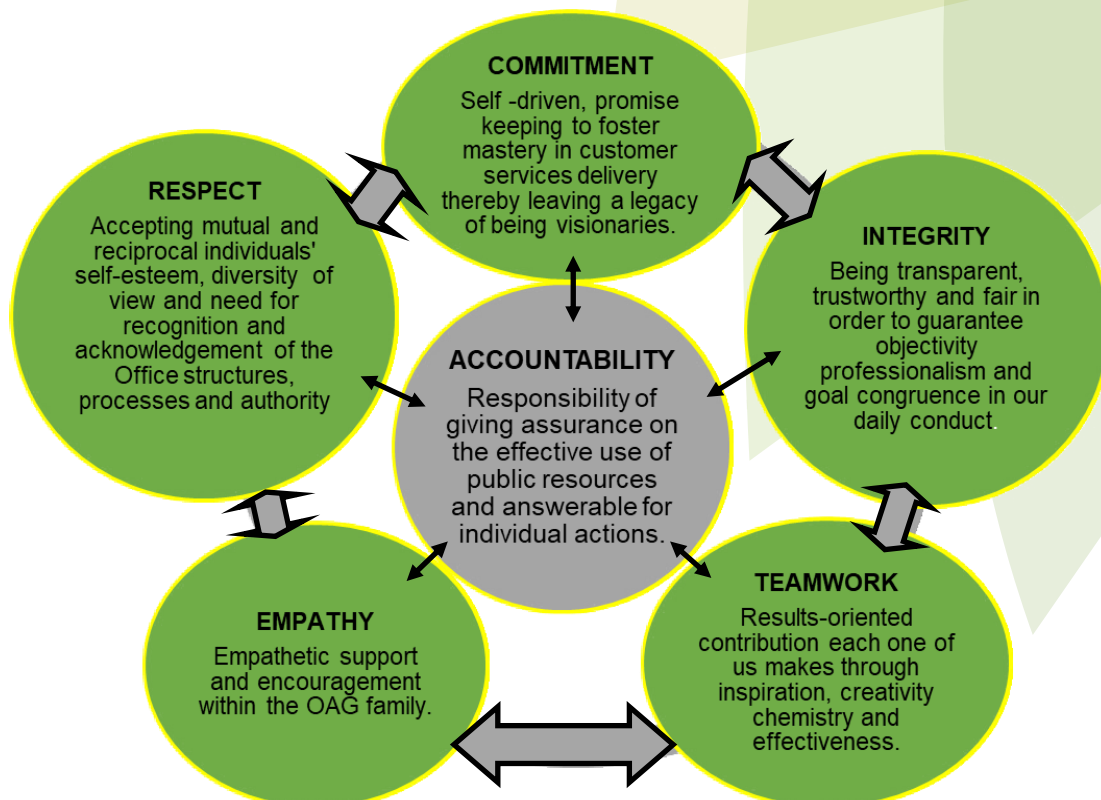
## VISION &amp; MISSION

**OAG Vision:**

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

**OAG 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.







## 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, 2023.

### Accounting Officer

Acting Auditor General : Ms Rheah Kujinga

### 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 — 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



The OAG Board members and the Audit Office Management at the Mid-term Strategic Review workshop





## CHAIRMAN'S STATEMENT



**Dr. Matthews T. Kunaka**  
Acting Board Chairman

### FOREWORD FROM THE BOARD CHAIR

#### INTRODUCTION

On behalf of the Board, it is my privilege and honor to present to you the 2023 Annual Report for the Audit Office for the year ended December 31, 2023. The 2023 Annual Report combines the Audit Office's financial and non-financial performance.

#### APPOINTMENT OF THE AUDIT OFFICE BOARD

The Audit Office Board was appointed on April 24, 2023, for a three-year term effective May 1, 2023. Section 314 of the Constitution 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".

Our appointment challenges us to strengthen strategic prioritization, effective decisions, and impactful performance. In achieving this, the Board must ensure that the OAG has adequate resources and competent staff. The OAG is a unique office based on its mandate as laid out in the Constitution of Zimbabwe.

We would like to thank the Office of the President and Cabinet, AFROSAI-E and the Public Service Commission for leading the Audit Office Board induction process. The induction enabled the Board to develop a roadmap to perform its duties.

#### OPERATING ENVIRONMENT

The Board acknowledges the ever-changing economic environment that the Audit Office has been operating in throughout the year 2023. The economy experienced growth despite the currency instability and high levels of inflation. The USD to ZWL exchange rate depreciated from US\$1: ZWL684.33 at the beginning of the year to US\$1: ZWL6,104.72 at the end of the year. The monetary and fiscal measures introduced in June 2023 yielded positive results

and brought about a more stable operating environment. The measures led to the tightening of liquidity with respect to the local currency and brought macroeconomic stability that halted excessive exchange rate depreciation and slowed down inflation. The rate of inflation fell from 53.00% in January 2023 to 26.52% at the end of the year. While power outages have continued to have a significant impact on business productivity across all sectors, there was an improvement in power generation capacity in the second half of the year. The government is making concerted efforts to re-engage with the international community, restore macroeconomic stability, and establish a track record of sound economic policies. Other challenges faced by the economy during the year under review include 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.

#### HIGHLIGHTS

The Board's priority in 2023 was to develop structures that ensure effectiveness of the Audit Office. A Board Charter was signed off, and we established subcommittees to ensure a more comprehensive approach to governance, by leveraging the expertise and skills of individual members to drive success. The Board is geared to ensure that the OAG has adequate human capital and to provide support for the OAG to manage risks in a way that ensures resilience and adaptability.

We continue to forge ahead with implementing the Audit Office strategic objectives in line with the National Development Strategy (NDS) 1. Our focus will continue to be on building sustainable governance, strong human capital, and enhancing collaboration with stakeholders to ensure that the Audit Office achieves its mandate.



## OUTLOOK

The Board is optimistic that through combined effort and collaboration of the Board, management and staff and our stakeholders we are going to achieve targets set for the year 2024. As the Board we will continue to serve the Audit Office providing strategic direction and ensuring availability of resources for the Office to continue being a highly effective Supreme Audit Institution. We look forward to arresting the high staff turnover rates and increase the Office momentum on professionalisation and digitalisation.

## APPRECIATION

On behalf of the Board, I wish to extend my gratitude for the support that the Audit Office continues to receive from its stakeholders, including our clients, the auditees, the Ministry of Finance, Economic Development and Investment Promotion and development partners. I also wish to express my appreciation to my fellow Board members for their diligence and steadfast determination to achieve our targets for the year. Management and staff also deserve a special recognition for their continued commitment and dedication to duty.

Let me also take this opportunity to express our heartfelt condolences to the Mtshiya family on the passing on of Retired Judge November Tafuma Mtshiya, who was appointed as the first Board Chairman. He passed away on August 28, 2023. The Board, Management and staff of the Office of the Auditor -General are grateful for his contributions to the Audit Office and to the nation of Zimbabwe at large. May his soul rest in peace.

Let me take this opportunity to appreciate the work that was done by the former Auditor-General Mrs Mildred Chiri whose term of Office came to an end in March 2023. We recognize Mrs Chiri for her outstanding leadership and most significantly her tireless efforts to increase the credibility and visibility of the Audit Office nationally and internationally over the past four (4) decades she was a member of the Audit Office and the nineteen (19) years she was the Auditor – General. Under her stewardship and guidance, the Audit Office has taken strides in ensuring accountability and transparency in the management of public funds. It is my great pleasure on behalf of the Audit Office Board and the Audit Office as a whole, to thank Mrs Chiri for her accomplishments in the last 40 years through her dedicated and selfless service, for leading the Audit Office with distinction, for her humility and integrity. Her outstanding contributions to the Office will always be remembered.

## CONCLUSION

The Office of the Auditor-General is a unique institution and a key cog in the system of governance and is charged with assuring accountability of public sector financial management. The success of the Audit Office requires complete dedication and commitment of the Board, Management and staff of the Office of the Auditor General and the support of our stakeholders.

I look forward to improved organisational performance and the coming to fruition of strategies and the office becoming the centre of excellence in the provision of audit services through a competent and motivated staff. Let us continue with the spirit of dedication, team work and collaboration.

**Dr . M.T. KUNAKA**  
**ACTING BOARD CHAIRMAN**  
**November 25, 2024**



## AUDITOR GENERAL'S OVERVIEW



**“To accomplish great things, we must not only act, but also dream; not only plan, but also believe.”**

**Anatole France**

**Name** Rheah Kujinga

**Title** Acting Auditor-General of Zimbabwe

**Qualifications** ACCA, CA ICAEW , ICAZ (PSPA), FCIS, MBA and RPacc



# ACTING AUDITOR-GENERAL'S OVERVIEW



## INTRODUCTION

The life and purpose of the Audit Office is to enhance accountability in public sector financial management. It is our collective desire to influence public sector entities to use public resources for the intended purpose and to ensure that the impact of their programs make a difference in the lives of the citizens of Zimbabwe. Through the execution of its Constitutional mandate, the Audit 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 as 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.

## 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, 2023.

### Budget Implementation

The total OAG budget for 2023 was ZWL\$ 16.37 billion and total expenditure for the year was ZWL\$ 16.07 billion which resulted in a net underspending of ZWL\$300.82 million. The underspending was mainly due to non-release of funding from Treasury as a result of low revenue inflows.

Despite the challenges posed by the economic landscape, the Office generated inflation adjusted revenue of ZWL73.7 billion (2022: ZWL17.8 billion) mainly from Treasury transfers and audit fees. The Audit Office had an inflation adjusted deficit of ZWL\$ 4.04 billion compared to a surplus of ZWL 1.99 billion in 2022.

### Financial Position

The inflation adjusted non-current assets increased by 80.4% from ZWL\$ 24.97 billion in 2022 to ZWL\$ 36.82 billion as at December 31, 2023. The increase was due to the acquisition of assets and revaluation which was carried out during the year. Current assets of ZWL\$13.16 billion exceeded the current liabilities of ZWL\$1.6 billion by ZWL\$ 11.56 billion and this was as a result of changes in the pricing model where audit fees were charged in a stable currency effectively hedging revenues and receivables against inflation.

## OPERATIONAL HIGHLIGHTS

During the year under review, the Office of the Auditor-General was able to record some noteworthy achievements despite the challenging environment. The Office was able to work together as a team and achieved some goals that were set in the Office's Strategic plan and annual operational plan.

The Audit Office'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 (NDS) 1. 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 Audit Office has been consistently producing annual operational plans that are linked to the Integrated Results-Based Management (IRBM) System. The Office successfully carried out the strategy mid-term review in the last quarter of 2023 with technical support from AFROSAI-E. The outcome of the strategy mid-term review was a revised strategy





implementation plan.

## HUMAN CAPITAL DEVELOPMENT

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. Since its appointment, the Audit Office Board has worked tirelessly to improve conditions of service. The number of staff is 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.

During the year under review 40 employees (2022: 21) resigned.

The Office drafted a Human Resources Strategy to inter alia;

- support and add value to the OAG corporate strategy,
- attract, nurture, support, motivate and foster commitment of the Human Capital resource which is the most valuable asset in the OAG ecosystem,
- set the tone for the maximisation of the efforts and rewards of OAG staff, management and executives towards the achievement of the vision, mission, core values and strategic and operational goals.

The strategy awaits review and submission to the Board for approval. The Office will continue to make concerted efforts for the approval of the new proposed organisational structure submitted to the Ministry of Finance and to lobby for a salary scale that attracts skilled staff, reduce staff turnover and boost staff morale.

The Office is accredited to the Professional Accountancy Organisations (PAOs) such as ACCA, ICAZ and CPA. The Office has undertaken a professionalization drive which has resulted in a number of members pursuing professional qualifications. During the year, seven (7) 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 2023 the Office was able to participate in workshops with Public Accounts Committee (PAC). In addition, external engagements were also held with State Owned Enterprises, Local Authorities, Audit Firms, and Central Government Ministries, Commissions, and Departments.

The Office participated in the Zimbabwe International Trade Fair (ZITF) and Zimbabwe Agricultural Show (ZAS). The exhibitions created an opportunity for the Office to promote public awareness, educate citizens on the role of the Auditor General in promoting transparency, accountability and public service delivery.

## Improve Public Sector Transparency, Accountability, and Service Delivery

The Audit Office managed to uphold the constitutional mandate by successfully producing the Annual Auditor General's Report for Appropriation Accounts, State Owned Enterprises and Local Authorities by the statutory deadline and the report was subsequently tabled in Parliament. In addition, the Office produced a Value for money (VFM) audit report on "Monitoring of Devolution funded projects".

## Audit Automation

The Office is currently strengthening Management Information System (MIS) and enhancing the audit quality and efficiency through the adoption of the Z-SEAT, an audit management tool designed by AFROSAI-E. In 2023, forty-two (42) staff members were trained on the functionality and navigation of the Z-SEAT as well as customization of various features.

## Audit Standards and Methodology

The audits are conducted in accordance with the International Standards of Supreme Audit Institutions (ISSAIs) and International Standards on Auditing (ISAs). The Office uses a risk-based audit approach in carrying out its audits.

The Audit 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. During the year, AFROSAI-E conducted a Quality Assurance Review of the Audit Office.

## Audit Coverage

During the year the Audit Office audited eighty (80) financial statements for Ministries, Funds and Commissions, one hundred and ninety-one (191) for State Owned Enterprises (SOEs) and ninety-eighty (98) for Local Authorities, these included arrear accounts.



The audit covered outstations of some MDAs that are decentralized. The results of the audit of Provincial and District stations were included in the Auditor-General's Report for 2023.

## SIGNIFICANT EVENTS

### Appointment of the Audit Office Board

The Audit Office Board was appointed in April 2023 for a three year period effective May 1, 2023. This is a welcome development as it is hoped that the strategies and interventions of the Board will enable the Audit Office to discharge its mandate effectively and efficiently.

### Retirement of the Auditor-General

On behalf of management and staff, 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 vision and strategic insight have been instrumental in shaping the Audit Office. Mrs Chiri served as the Auditor General from 2004 to March 2023. Her legacy will continue to inspire and guide us as we move forward.

## OUTLOOK FOR THE FUTURE

The Board and management are optimistic that the Audit Office will continue to uphold its constitutional mandate and achieve its operational targets set for the coming year. The Office is hopeful that it will continue to demonstrate its ongoing commitment to promoting public sector transparency, accountability and service delivery to the citizens, Parliament and other stakeholders.

### Improved working environment

The Burroughs House building which houses the Audit Office was identified for rehabilitation under the Enhanced Maintenance Programme. The building will undergo rehabilitation to be a state-of-the-art building thereby improving the working environment for staff.

### Digitalisation of Office processes

The Office is on a trajectory to digitalise its processes. The Office aims to accelerate its digital transformation efforts by investing heavily in technologies and data analytics. This will enable it to improve operational efficiency, effectiveness and quality service delivery to the satisfaction of stakeholders. The Office is to engage a consultant to come up with a Needs Analysis for the Office digitalization.

### Review of the organisational structure

The Office is looking forward to the approval of the proposed new organisational structure which if so approved will result in the right sizing of staffing levels in line with the Office's

mandate. This new structure will ensure that the Office is appropriately staffed to drive its strategy towards discharging its constitutional mandate. The increased staff numbers will enable the Office to take over some outsourced audits resulting in increased revenue generation.

## ACKNOWLEDGEMENTS

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 the Audit 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.

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 also like to give my heartfelt appreciation to the Audit office clients and Accounting Officers for their continued support and cooperation.

Finally, I would like to express my gratitude to the Audit Office Board for their continued guidance, the management and staff for their hard work and dedication to duty that has enabled the Office to achieve its objectives.

**R. KUJINGA**

**ACTING AUDITOR-GENERAL**

**November 25, 2024**



# CORPORATE GOVERNANCE REPORT

## The Board

The Audit Office Board was appointed by the Minister of Finance, Economic Development and Investment Promotion in April 2023 for a three (3) year period effective May 1, 2023. The Board was appointed in terms of Section 14 of the Audit Office Act [Chapter 22:18] and Section 11 of the Public Entities Corporate Governance Act [Chapter 10:31]. The Board was chaired by the late Justice N. Mtshiyi (Rtd) and deputised by Dr Matthews T. Kunaka who subsequently took over as Acting Chairperson. The Board was comprised of Justice November T. Mtshiyi (Rtd), Dr. Matthews T. Kunaka, Commissioner George Chigora, Mr Eric Kawara, Mr Norman T. Mhondiwa, Mrs. Thammay B. Vhiriri, Ms Rheah Kujinga and Mrs. Nyasha Magadza.

The composition of the Board ensured a well balanced team with a skills mix in areas such as Accounting, Audit, Law, and Human Resources Management. The Board consisted of 8 members, comprising five (5) males and three (3) females, six (6) of which are non-executive members, while two (2) are executive members. A member with expertise and experience in information technology is yet to be appointed.



**The Audit Office Board**

## Board Committees

The Board created and delegated roles and responsibilities to five (5) Committees in order to efficiently execute its mandate. The board approved the terms of references of the committees. All the Committees are chaired by non-executive members. Membership to the committee is based on experience, qualification and expertise. The Committees and the membership are as follows:

	Committee	Membership
1	Human Resources Committee	Comm. G. Chigora - Chair( Rtd January 2024) Dr M.T. Kunaka Mr E. Kawara Ms R. Kujinga
2	Finance and Operations Committee	Dr M.T. Kunaka - Chair Ms R. Kujinga Mrs N. Magadza Mr. L. Mpofu
3	Audit Committee	Mr N.T. Mhondiwa - Chair Comm. G. Chigora Mr E. Kawara
4	Risk and Compliance Committee	Mrs T.B. Vhiriri -Chair Dr. M. T. Kunaka Mrs N. Magadza
5	Integrity and Ethics Committee	Mrs. T. B. Vhiriri - Chair Dr. M. T. Kunaka Mr. N. T. Mhondiwa Ms. R. Kujinga Mr. L. Mpofu





## Board Charter

The Board formulated a Board Charter during the year which was duly approved by the responsible authorities. The charter details the scope of authority, responsibility, composition and the functioning of the Board.

## Board Induction

The first Board Induction workshop was facilitated by the Corporate Governance Unit (CGU) in the Office of the President and Cabinet, in Kadoma from 3 to 4 May 2023. The Board members received a comprehensive induction program which included topics covering the mandate of the Board, government expectations of the Board, independence of the Auditor General, principles of corporate governance, risk management, leadership and Board evaluations among others. The program was to enable the Board members to build up a detailed understanding of the environment in which the Office of the Auditor General operates, the strategy, key risks the Audit Office faces.

In addition, another Board Induction workshop was held in Kadoma from 13 to 15 July 2023. The workshop was facilitated by the African Organisation of English speaking Supreme Audit Institutions (AFROSAI-E) and the Public Service Commission (PSC). The topics covered included introduction to Integrated Result-Based Management (IRBM): Vision 2030 and the National Development Strategy 1, role of the Board, Institutional Capacity Building Framework (ICBF) as a performance measurement framework, INTOSAI Principles on the independence of the SAI, the Role of the Board, SAI Quality Management among other topics.

## Meetings of the Board

The Board and its Committees held various meetings since its appointment in accordance with Section 33 of the Public Entities and Corporate Governance Act [Chapter 10:31]. The meetings included, quarterly scheduled meetings and special meetings as and when necessary.

## Board Meetings

	Main Board	Human Resources Committee	Finance and Operations Committee	Audit Committee	Risk and Compliance Committee
<b>Meetings held</b>	4 meetings	4 meetings	1 meeting	3 meetings	1 meeting
Late Justice N.Mtshiya (Rtd)	1	NM	NM	NM	NM
Dr. M.T. Kunaka	4	4	1	NM	1
Comm. G.Chigora	3	4	NM	3	NM
Mr N.T. Mhondiwa	4	NM	NM	3	NM
Mrs. T.B. Vhiriri	4	NM	NM	NM	1
Mr E. Kawara	4	4	NM	3	NM
Ms R. Kujinga	4	4	1	NM	NM
Mrs. N. Magadza	4	NM	1	NM	1

NB: The Integrity and Ethics Committee was established towards the end of 2023 and it subsequently held its first meeting in the first quarter of 2024.

Key  
NM – Not a member

## Certificate by Board Secretary

The financial statements for the year ended December 31, 2023 were approved by the Board of Directors on June 28, 2024 and are signed on its behalf by the Acting Chairman and the Acting Auditor General.

**B. MUKWENGA**  
**BOARD SECRETARY**  
**November 25, 2024**



## AUDIT OFFICE BOARD

We welcome the Non-Executive Board. Their appointment marks an exciting milestone in the OAG journey, and we are eager to build on their expertise and experience to drive our organization's growth and success.

### **Dr. Matthews Tichaona Kunaka: Acting Board Chairman, CA(Z), CA(SA)**



He is a holder of a Bachelor of Accountancy (Hons) Degree, UZ and a PhD in Management from Christ University, India. He holds a Masters of Business Administration (MBA) degree specializing in Finance (USA) and a Msc in Strategic Management (UK). He also has a Certificate in a Ministry Essentials Training Program from the Pan African Christian College (PACC). He was the Finance director for Chibuku Breweries, Operations director for OK Zimbabwe, Group CEO of Zimpapers and Reserve Bank of Zimbabwe (RBZ) Division Chief : Corporate Governance, Risk Management and Internal Audit. From May 2011 to December 2018, he was the Chief Executive Officer of ICAZ. He sat on several boards, including being a Council Member of the National Manpower

Advisory Council (NAMACO), Zimbabwe Council for Higher Education (ZIMCHE); Member of ZIMDEF Audit Committee and Member of MEFMI Audit Committee and currently is the Board Chairperson of the Zimbabwe Women's Microfinance Bank and Deputy Chairman of POTRAZ. He is the Past President of the ICAZ, the Zimbabwe Association of Accounting Technicians (ZAAT), and the Institute of Internal Auditors of Zimbabwe (IIAZ). He is a partner at KRES Chartered Accountants (a member firm of REANDA INTERNATIONAL). He also lectures at the Catholic University of Zimbabwe, where he obtained a Post Graduate Diploma in Education in 2022. He was the inaugural Chairperson of the Zimbabwe Women Microfinance Bank (ZWMB) for six years until December 2023. He was a Board member of Bindura University of Science Education (BUSE) Council; including being the Chairperson. Dr Kunaka was Megafest's Zimbabwe Director of the Year for 2016. He is currently the Acting Chairperson of the Audit Office inaugural Board.

### **Norman Tafadzwa Mhondiwa: Non –executive Board Member, Chairman of the Audit Committee**

He is a fellow of several prestigious professional bodies, including the Association of Chartered Certified Accountants (ACCA), ICAZ, and Certified Information Systems Auditor (CISA), and is also a CFA Charter holder. Norman Mhondiwa's academic background further bolsters his qualifications. He holds undergraduate honors degrees in accounting from both the University of Zimbabwe and the University of South Africa, along with a Master of Science degree from the University of London and a Master of Business Leadership (Cum Laude) degree from the University of South Africa. This combination of experience, professional recognition, and academic achievement positions Norman as a highly respected leader in the financial world.



### **Thammary Brenda Vhiriri : Non—executive Board member, Chairperson of the Risk and Compliance Committee and Integrity and Ethics Committee**



Thammary Brenda Vhiriri is a qualified professional who has vast hands-on working experience as a Lawyer, General Manager—Legal Division, Deputy (Director) Legal Advisor and Legal Officer. Her experience spans more than ten (10) years. She is holder of a Master's Degree in Public Administration and an Honours in Law Degree. She also holds several other certificates in Law and Governance.

In the past, she was a Board member of ZB bank and a Parastatal Liaison Officer on the Mining Affairs Board, The Kimberley Process Certification Scheme Secretariat, and the African Diamond Producers Association Zimbabwe.



#### **Eric Kawara : Non—executive Board member, Chairperson of the Human Resources Committee**

Eric Kawara holds an IPMZ Diploma in Human Resource Management (HRM) and a BSc Honors in HRM. He is a full member of IPMZ (MIPMZ), coupled with thirty-three years of hands-on HRM and Labour experience in Government, Regional (South Africa), international (USA, New York), the private sector, and various sectors across the board. In 2006/7, Mr. Kawara was an NEC Printing Industry Executive Member. From 2020 to 2022, he was Chairperson of Morgan High School, and during his term of office, he won Labour Cases at the NEC and the Labour Court. He has experience in handling arbitration, appeals, and labour court matters.



#### **Rheah Kujinga - Acting Auditor General, Executive Board member**



She is a Public Accountants and Auditors Board (PAAB) registered accountant. Among her professional qualifications, she holds the Association of Chartered Certified Accountants (ACCA), CA ICAEW (Institute of Chartered Accountants in England and Wales), and ICAZ-Public Sector Professional Accountants (PSPA). She also holds an MBA from Nottingham Trent University (UK). Ms Kujinga is a GAO Fellow (USA). She attended various executive development programmes. She was a member of the Common Market for Eastern and Southern Africa (COMESA) Audit Committee from 2018 to 2020 and is currently a member of the SADC Audit Committee. She represented the Auditor General at the International Organization of the Supreme Audit Institutions (INTOSAI) Development Initiative (IDI) Board (Norway). She served as one of the first Audit Office Commissioner and member of the Audit Office Board.

#### **Nyasha Magadza : Executive Board member**

She is a registered public accountant with the Public Accountants and Auditors Board (PAAB); a Chartered Governance Professional Accountant and associate member of the Chartered Governance Institute (CGIZ), a certified public accountant and member of the Institute of Certified Public Accountants (ICPAZ); Member of the GAO International Fellowship Auditor Program; she is a Public Sector Professional Accountant (PSPA) under ICAZ.

She holds a Bachelor of Accountancy Honours Degree (BAcc) from the University of Zimbabwe and a Masters in Business Administration from the National University of Science and Technology (NUST). Mrs Magadza has worked for the Auditor-General's Office for a number of years and currently holds the position of Deputy Auditor-General responsible for Central Government Audits and Value for Money audits. She has vast experience in the audit of the Public Sector and has represented the Office in a number of forums.





## Meet the OAG MANAGEMENT



Mrs. N. Magadza  
Deputy Auditor General 1



Mr. B. Mukwenga  
Deputy Auditor General 4



Mrs. M. Chekumanyara  
Director of Audit



Mr. M. Makotere  
Director of Audit



Mr. L. Muroyiwa Director of Audit



Ms R. Kujinga—A/Auditor General



Mrs. L. Chikwore  
Acting Deputy Auditor General 2



Mr. M. Munodawafa  
Director of Audit



Ms. V. Shiri  
Director of Audit



Mr. B. Masawi  
Director of Audit



Ms. F. Manyangadze  
Acting Deputy Auditor General 3



Mr. R. Mukahanana  
Director of Audit



Ms. A. C. Nyangani  
Director of Audit



Mr. L. Mururami  
Acting Director of Audit



Mr. L. Mpofu Acting  
Director of Finance, Administration  
and Human Capital



## 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 30<sup>th</sup> 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].

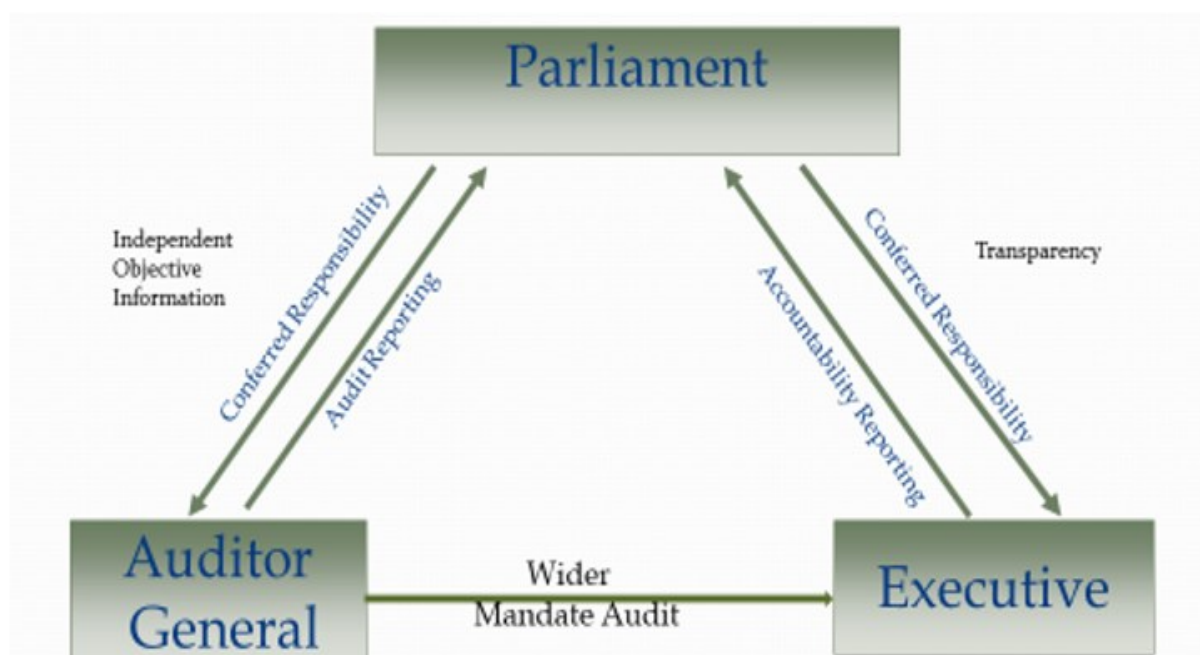
In terms of section 12 of the Audit Office Act [Chapter 22:18], the report submitted to the Minister is supposed to be laid before the House of Assembly within seven (7) days. If for any reason the Minister is unable to lay the report before the House of Assembly within the stipulated period, the Auditor-General 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, Economic Development and Investment Promotion 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 Audit Office conducts its audits in accordance with the International Standards for Supreme Audit Institutions (ISSAIs) and International Standards on Auditing (ISAs). The Office uses 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.

The Audit Office subscribes to the following standards and principles:

#### Auditing / Accounting Standards



- ◆ The International Public Sector Accounting Standards
- ◆ The International Standards on Auditing
- ◆ The International Standards of Supreme Audit Institutions
- ◆ International Standard on Quality Management 1 and 2
- ◆ The International Financial Reporting Standards

#### Ethics Standards



- ◆ The International Ethics Standards Board for Accountants' Code of ethics for professional accountants
- ◆ The INTOSAI Code of ethics

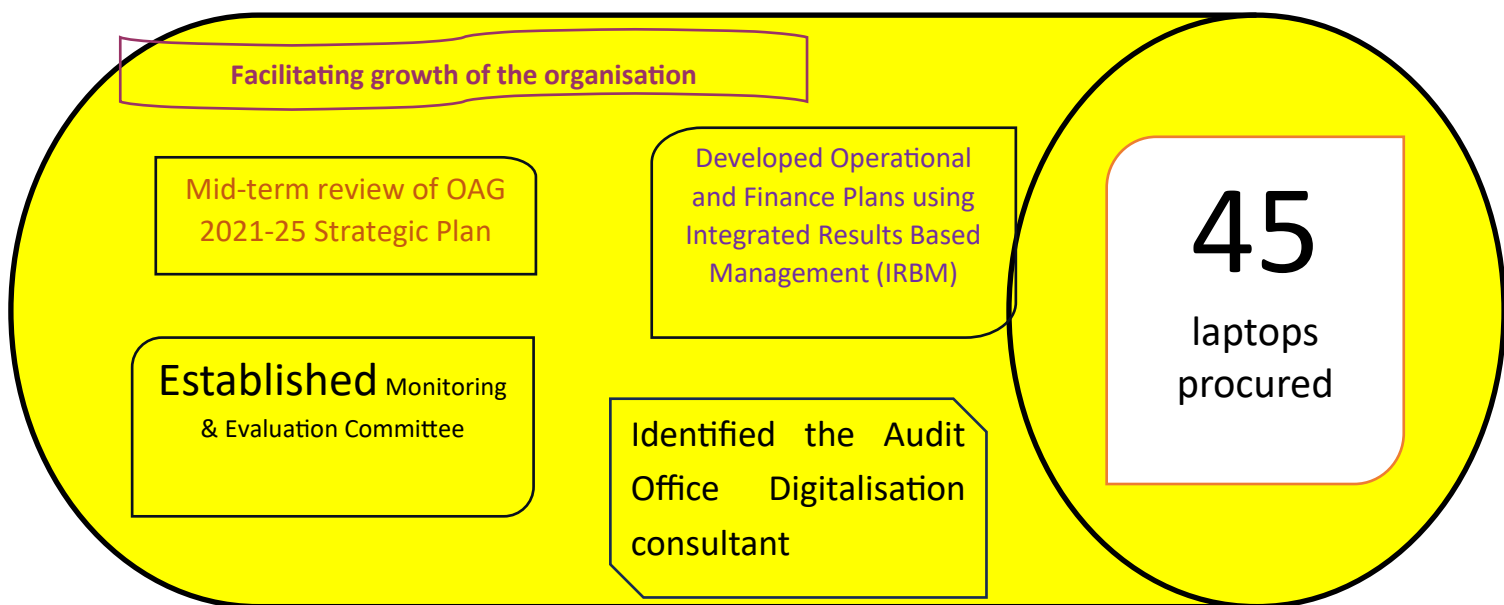
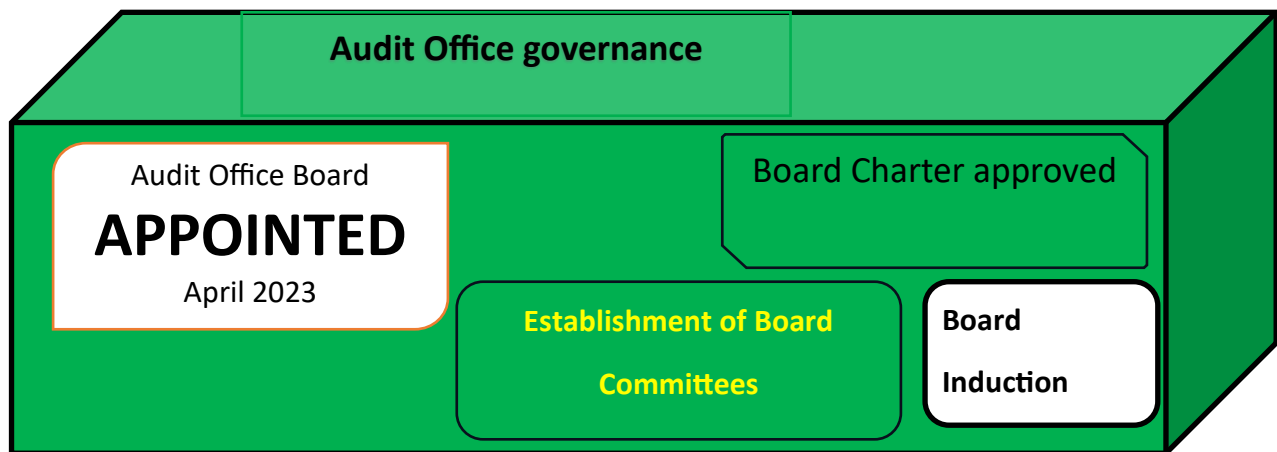
### Ethics

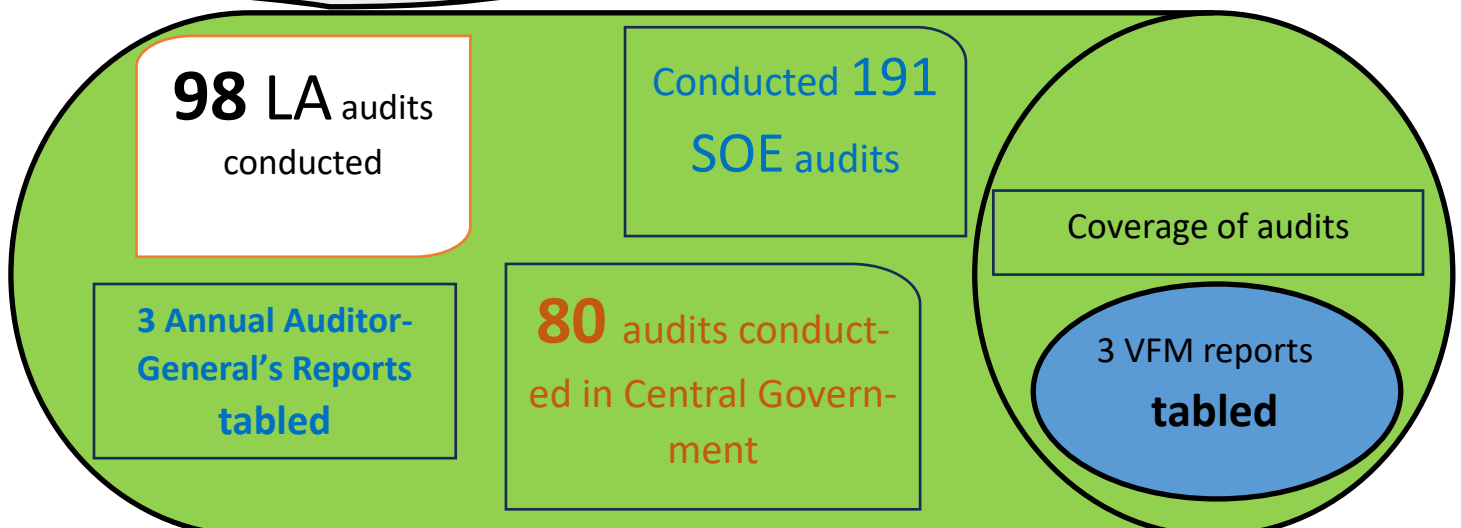
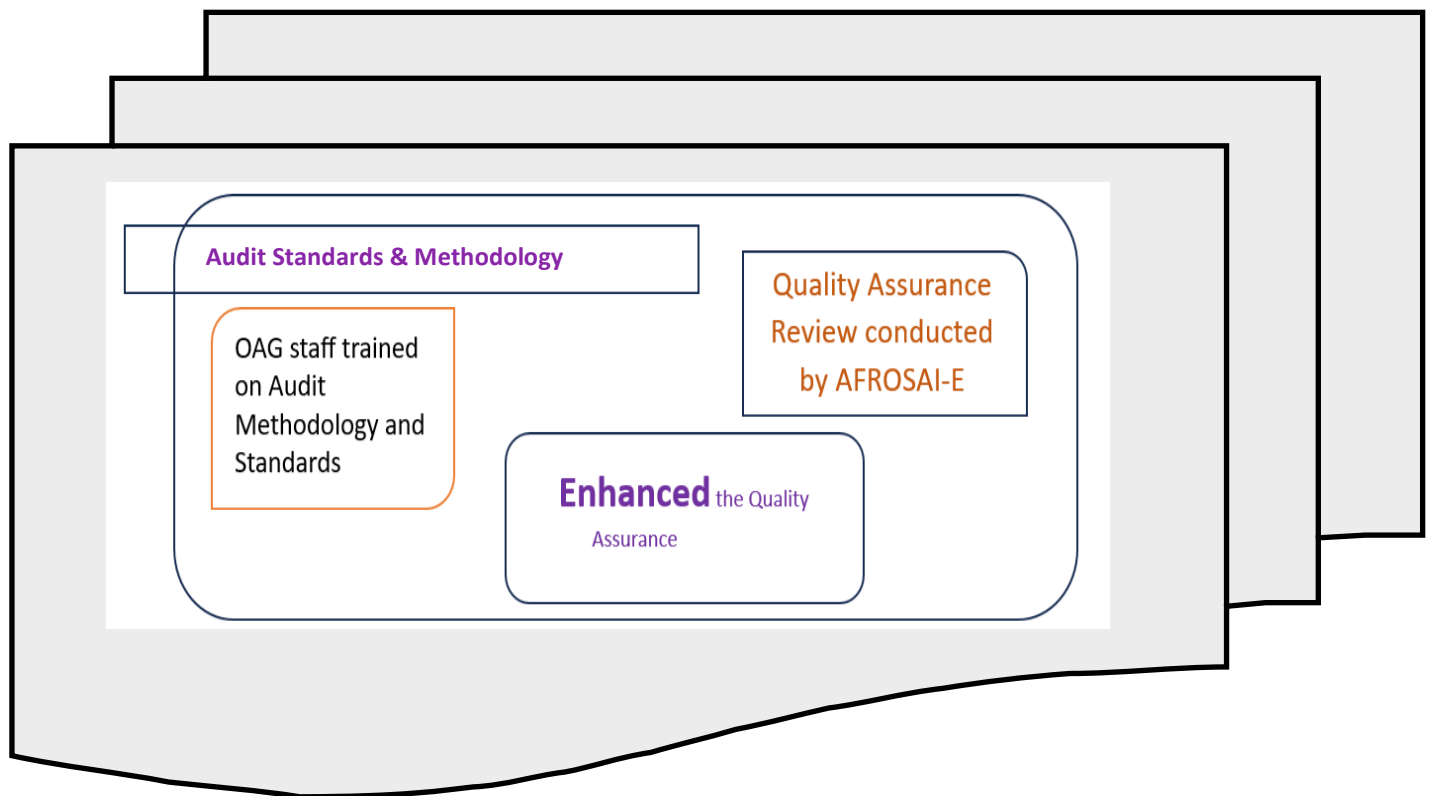
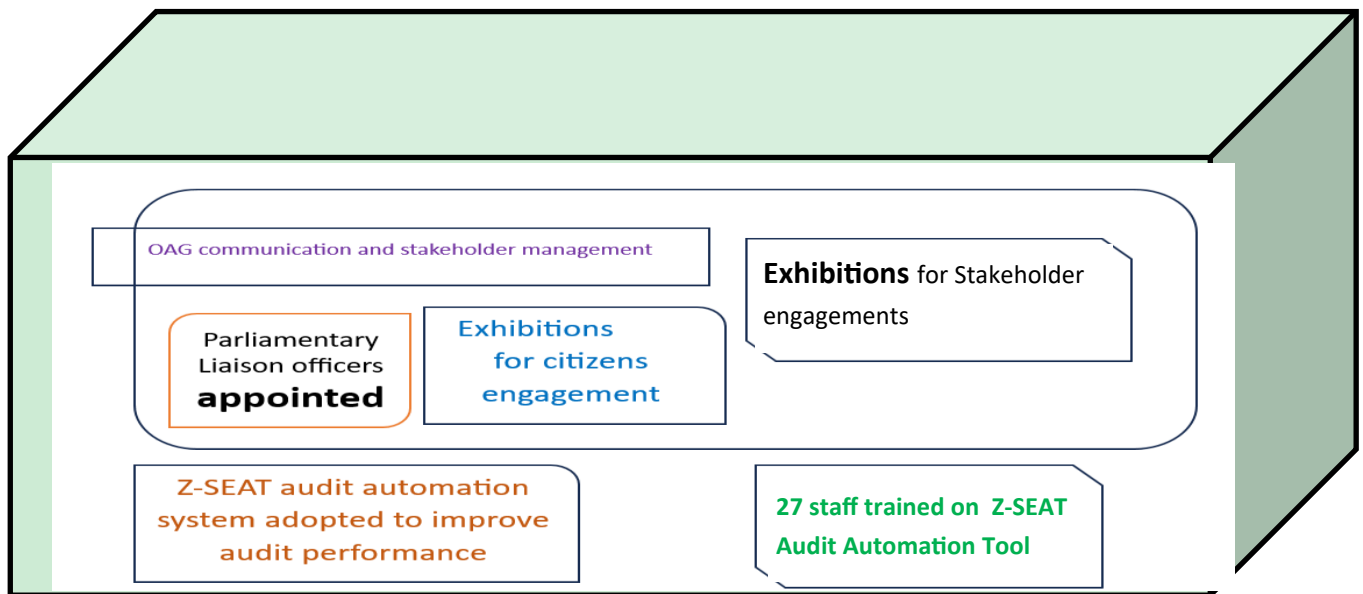
The Office of the Auditor General has adopted a Code of Ethics which is a guideline of conduct reflecting moral standards and ethical values to ensure a culture of professionalism. This Code of Ethics covers the ethical requirements of OAG auditors including their professional obligations in particular. The Office has policies and systems that manage the ethical conduct of members, who are required to sign the Code of Ethics declaration when they carry out the assignments.





## 2023 Performance Highlights

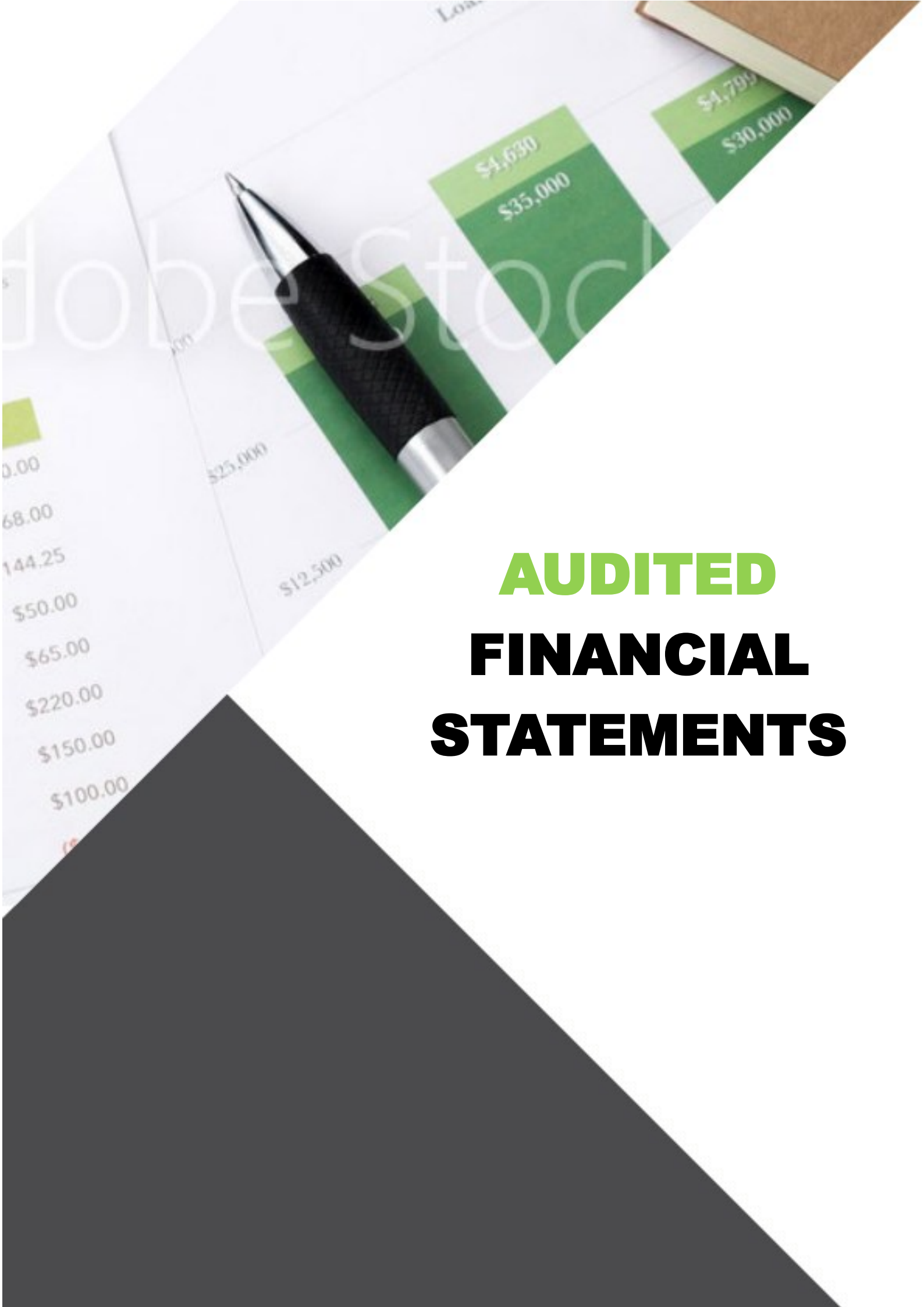






The Audit Office management receiving computer equipment donations from the United Nations Development Programme





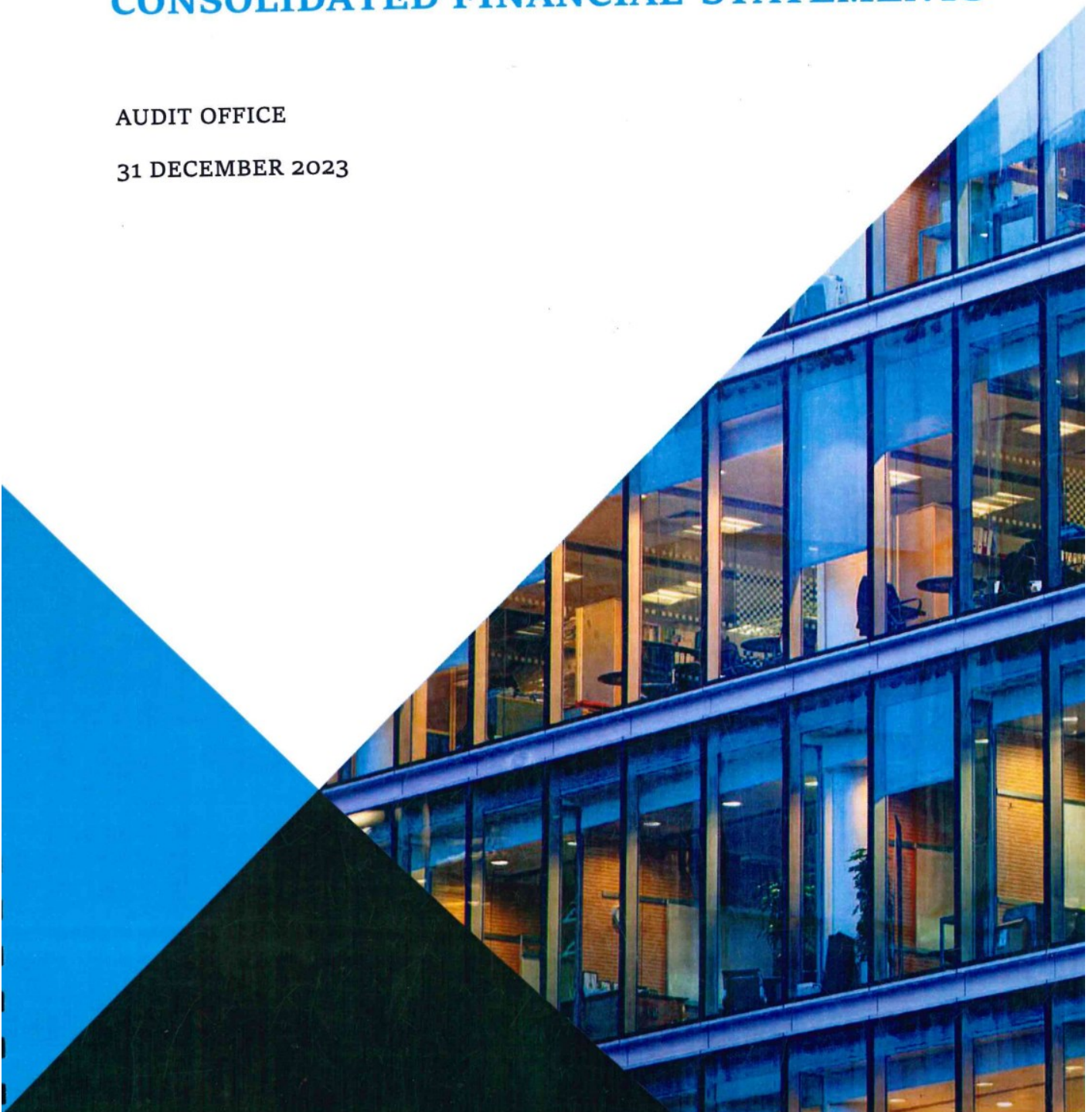
# **AUDITED FINANCIAL STATEMENTS**



## CONSOLIDATED FINANCIAL STATEMENTS

AUDIT OFFICE

31 DECEMBER 2023







## AUDIT OFFICE

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

**For the year ended December 31, 2023**

The Audit Office Board ("the 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 including statement of budget comparison 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 Standard (IPSAS) 33 First-time Adoption of Accrual Basis IPSAS.

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

The inflation adjusted financial statements are prepared in accordance with the transitional provisions of International Public Sector Accounting Standard (IPSAS) 33 and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The 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 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 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 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 Board has reviewed the Audit Office's cash flow forecast for the year to December 31, 2024 and, in light of this review and the current financial position, 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 pages 4 to 7.

The inflation adjusted financial statements set out on pages 8 to 37, which have been prepared on the going concern basis, were approved by the Board on 28 June 2024 and were signed on their behalf by:

R. Kujinga (Ms.)  
Acting Auditor General

  
\_\_\_\_\_  
Signature

28/06/2024  
\_\_\_\_\_  
Date

Dr. M. T. Kunaka  
Acting Board Chairperson

  
\_\_\_\_\_  
Signature

28/06/2024  
\_\_\_\_\_  
Date



Moore PNA Zimbabwe  
Public Accountants and Auditors  
PAAB Registration Number Z10054  
44 Princess Drive  
Newlands, Harare, Zimbabwe  
t +263 242 776 753-5  
c +263 772 366 282  
e info@moorepna.co.zw  
www.moore-global.com

## 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 8 to 37 which comprise the inflation adjusted statement of financial position as at December 31, 2023, and the inflation adjusted statement of financial performance, inflation adjusted statement of changes in net assets and reserves, inflation adjusted statement of cash flows, and statement of budget comparison 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 matter described in the Basis for Qualified Opinion section of my report the accompanying inflation adjusted financial statements present fairly the inflation adjusted financial position of the Audit Office as at December 31, 2023, 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

My basis for qualified opinion was arrived at after consideration of the following matter:

#### (i) **Use of general price indices in preparation of inflation-adjusted figures (non-compliance with IPSAS 10 - Financial Reporting in Hyperinflationary Economies)**

Paragraph 34 of IPSAS 10 states the following: "The restatement of financial statements in accordance with this Standard requires the use of a general price index that reflects changes in general purchasing power. It is preferable that all entities that report in the currency of the same economy use the same index". The Ministry of Finance and Economic Development through Statutory Instrument (SI) 27 of 2023 made it mandatory to compute and publish a currency weighted average rate of inflation, also known as the blended rate based on the use of Zimbabwean dollars and United States dollars.

The Audit Office used blended rates to translate historical balances which is not in compliance with IPSAS 10 as it does not reflect the general purchasing power of ZWL. Our opinion is modified due to the possible effects on the accumulated fund and the comparability of the current period's financial statements with that of the prior year.





Consequently, the monetary loss of ZWL 32 924 302 316 (2022: ZWL 7 007 989 314 monetary gain) on the inflation adjusted statement of financial performance is impacted.

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 (including International Independence Standards) (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 qualified 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, 2023. They are selected from matters communicated with those charged with governance and intended to highlight 'through the eyes of the auditor', matters of significance in the audit that I performed. 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 that there are no key audit matters to be communicated in my report.

### **Going concern**

I draw attention to note 27 in the financial statements relating to the going concern of the Audit Office, indicating that the Audit Office is operating in an environment characterised by high inflation rates and rapidly changing government policy, conditions which may pose material uncertainty on its ability to continue as a going concern. However, management is satisfied that the Audit Office is in a sound financial position and has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they are satisfied that the use of the going concern basis in preparation of inflation adjusted financial statements is appropriate. As stated in note 27 these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Audit Office's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### **Other information**

The Board is responsible for the other information. The other information comprises the 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 10 - Financial Reporting in Hyperinflationary Economies. 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 Management and the Audit Office Board for the inflation adjusted financial statements**

Management 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 Management 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 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 Management.
- Conclude on the appropriateness of 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 my auditor's report to the related disclosures in the inflation adjusted financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Audit Office to cease to continue as a going concern.
- 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] and the Public Finance Management Act [Chapter 22:19] 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, 2023 is Shepherd Nhondova.

On this 28<sup>th</sup> day of June 2024 at Harare

Signed by:

---

**Shepherd Nhondova (FCCA)**

Audit Partner

Registered Public Auditor (Zimbabwe)

PAAB Registration Number: 0552

For and on behalf of:

**MOORE PNA ZIMBABWE**

Registered Public Auditors (Zimbabwe)

PAAB Firm Registration Number: Z10054

Address: 44 Princess Drive, Newlands, Harare



## AUDIT OFFICE

## STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2023

		Inflation Adjusted		Historical cost	
		2023	Restated 2022	2023	Restated 2022
	Notes	ZWL	ZWL	ZWL	ZWL
ASSETS		Consolidated	Consolidated	Consolidated	Consolidated
Current assets					
Cash and cash equivalents	13	6,805,018,003	1,863,916,244	6,805,018,003	238,963,621
Receivables from exchange transactions	15.1	5,413,391,537	2,754,351,311	5,413,391,537	180,596,215
Other receivables	15.2	183,289,315	968,376,262	183,289,315	124,095,129
Loan receivables from SLRF	16.1	194,394,191	569,472,057	194,394,191	72,976,498
Inventories	18	565,491,764	149,921,616	215,667,487	19,220,720
Total current assets		13,161,584,810	6,306,037,490	12,811,760,533	635,852,183
Non-current assets					
Loan receivables from SLRF	15.2	389,603,444	1,619,733,154	389,603,444	207,564,975
Receivables from exchange transactions	15.3	131,741,017	29,059,883	131,741,017	3,725,626
Property, plant and equipment	19	36,300,974,208	23,319,910,645	36,300,974,208	2,988,391,426
Total non-current Assets		36,822,318,669	24,968,703,682	36,822,318,669	3,199,682,027
TOTAL ASSETS		49,983,903,479	31,274,741,172	49,634,079,202	3,835,534,210
LIABILITIES					
Non-current liabilities					
Payables under non-exchange transactions	20	22,787,488,057	23,375,552,265	274,600,328	281,508,512
Total non-current liabilities		22,787,488,057	23,375,552,265	274,600,328	281,508,512
Current liabilities					
Payables under exchange transactions	21	1,576,313,029	269,097,340	1,576,313,029	34,484,188
Bank overdraft	14	120,529	34,398	120,529	4,408
Other payables		90,437,492	-	90,437,492	-
Loan payables from SLRF	22	6,106,452	14,753,882	6,106,452	1,890,675
Total current liabilities		1,672,977,502	283,885,620	1,672,977,502	36,379,271
Total liabilities		24,460,465,559	23,659,437,885	1,947,577,830	317,887,783
Net of Total assets and total liabilities		25,523,437,920	7,615,303,287	47,686,501,372	3,517,646,427
Net Assets					
NET ASSETS / EQUITY					
Capital contributed by:					
Non-distributable reserve		2,578,418,722	1,660,699,876	650,000,000	300,000,000
Accumulated fund		(1,681,962,924)	3,623,508,886	12,436,419,362	(405,862,459)
Revaluation reserve		24,626,982,122	2,331,094,525	34,600,082,010	3,623,508,886
TOTAL NET ASSETS / EQUITY		25,523,437,920	7,615,303,287	47,686,501,372	3,517,646,427

\* 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.

Date

28/6/24

L. Mpofo (Mr.) R.P.Acc(Z)  
Acting Director Finance

Date

28/6/24

B. Mukwenga (Mr.)  
Deputy Auditor-General: Administration and Finance

Date

28/06/2024

R. Kujinga (Ms.)  
Acting Auditor-General

Date

28/06/2024

Dr M. T. Kunaka  
Acting Board Chairperson





## AUDIT OFFICE

9

## STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED DECEMBER 31, 2023

	Note	Inflation adjusted		Historical cost	
		Restated		Restated	
		2023	2022	2023	2022
		ZWL	ZWL	ZWL	ZWL
Income					
		Consolidated	Consolidated	Consolidated	Consolidated
Revenue from non-exchange transactions	23.1	43,500,661,882	14,127,256,934	16,372,932,753	1,741,923,728
Revenue from exchange transactions	23.2	30,009,092,910	3,601,016,668	11,444,880,489	461,461,774
Other Income	23.3	155,953,984	52,090,934	59,477,796	6,675,330
<b>Total revenue</b>		<b>73,665,708,776</b>	<b>17,780,364,536</b>	<b>27,877,291,038</b>	<b>2,210,060,832</b>
Expenditure					
Administration costs	24	42,801,831,489	16,871,845,195	11,031,382,737	2,162,087,080
Employment costs	25	14,806,220,834	6,228,617,074	5,646,802,736	798,182,555
<b>Total expenditure</b>		<b>57,608,052,323</b>	<b>23,100,462,269</b>	<b>16,678,185,473</b>	<b>2,960,269,635</b>
<b>Surplus/(deficit) before monetary loss</b>		<b>16,057,656,453</b>	<b>(5,320,097,733)</b>	<b>11,199,105,565</b>	<b>(750,208,803)</b>
Monetary (loss)/gain	26	(32,924,302,316)	7,007,989,314	-	-
<b>(Deficit)/Surplus before exchange gains</b>		<b>(16,866,645,863)</b>	<b>1,687,891,581</b>	<b>11,199,105,565</b>	<b>(750,208,803)</b>
Net exchange gain/(loss) on foreign currency translation		12,822,524,898	306,816,682	1,643,176,256	39,335,472
<b>(Deficit)/Surplus for the year</b>		<b>(4,044,120,965)</b>	<b>1,994,708,263</b>	<b>12,842,281,821</b>	<b>(710,873,331)</b>

\* 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

10

## STATEMENT OF CHANGES IN NET ASSETS/ EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2023

Inflation Adjusted	Non-Distributable reserve ZWL	Revaluation reserve ZWL	Accumulated fund ZWL	Net Assets
				Total ZWL
Net assets as at January 01, 2022	100,000,000	3,623,508,886	305,010,872	4,028,519,758
<b>Changes in net assets</b>				
Contribution for the year (SLRF)	1,560,699,876	-	-	1,560,699,876
Surplus from appropriation and retention	-	-	1,994,708,263	1,994,708,263
Surplus from SLRF	-	-	31,375,390	31,375,390
Net assets as at December 31, 2022	1,660,699,876	3,623,508,886	2,331,094,525	7,615,303,287
Net assets as at January 1, 2023	1,660,699,876	3,623,508,886	2,331,094,525	7,615,303,287
<b>Changes in net assets</b>				
Contribution for the year (SLRF)	917,718,846	-	-	917,718,846
(Deficit) from appropriation and retention	-	-	(4,044,120,965)	(4,044,120,965)
Surplus from SLRF	-	-	31,063,516	31,063,516
Revaluation surplus	-	21,003,473,236	-	21,003,473,236
Net assets as at December 31, 2023	2,578,418,722	24,626,982,122	(1,681,962,924)	25,523,437,920
<b>Historical cost</b>				
	Non-Distributable reserve ZWL	Revaluation reserve ZWL	Accumulated fund ZWL	Total ZWL
Net assets as at January 31, 2022	100,000,000	3,623,508,886	305,010,872	4,028,519,758
<b>Changes in net assets</b>				
Contribution for the year (SLRF)	200,000,000	-	-	200,000,000
(Deficit) from appropriation and retention	-	-	(714,894,013)	(714,894,013)
Surplus from SLRF	-	-	4,020,682	4,020,682
Net assets as at December 31, 2022	300,000,000	3,623,508,886	(405,862,459)	3,517,646,427
Net assets as at January 31, 2023	300,000,000	3,623,508,886	(405,862,459)	3,517,646,427
<b>Changes in net assets</b>				
Contribution for the year (SLRF)	350,000,000	-	-	350,000,000
Surplus from appropriation and retention	-	-	12,830,434,804	12,830,434,804
Surplus from SLRF	-	-	11,847,017	11,847,017
Revaluation Surplus	-	30,976,573,124	-	30,976,573,124
Net assets as at December 31, 2023	650,000,000	34,600,082,010	12,436,419,362	47,686,501,372

## AUDIT OFFICE

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2023

	Notes	Inflation Adjusted		Historical cost	
		2023	Restated 2022	2023	Restated 2022
		ZWL Consolidated	ZWL Consolidated	ZWL Consolidated	ZWL Consolidated
<b>Cash flows from operating activities</b>					
Surplus/(deficit) for the year		(16,866,645,863)	1,687,891,581	11,199,105,565	(750,208,803)
<b>Adjustments for non-cash items:</b>					
Depreciation and impairment	19	19,002,042,849	8,406,625,639	1,851,407,465	1,077,289,204
Allowance for expected credit losses	17.1	24,753,251	102,808,646	112,642,266	13,174,685
Revenue from non-exchange transactions	23.1	(588,064,208)	(588,064,208)	(6,908,184)	(6,908,184)
Net exchange (gain)/loss foreign currency translation		12,822,524,898	306,816,682	1,643,176,256	39,335,472
<b>Net cash inflows/(outflow) after adjustments</b>		<b>14,394,610,927</b>	<b>9,916,078,340</b>	<b>14,799,423,368</b>	<b>372,682,374</b>
<b>Working capital changes</b>					
Decrease / (Increase) in current portion of receivables		(1,522,078,022)	(4,875,287,891)	(5,514,437,237)	(278,883,063)
Decrease / (Increase) in non-current portion of receivables		1,156,961,449	(4,277,247,690)	(321,666,090)	(150,929,191)
(Increase) / Decrease in inventories		(415,570,148)	(125,960,250)	(196,446,767)	(16,148,750)
(Decrease) / Increase in payables		1,389,005,751	(791,277,306)	1,636,482,110	31,556,697
<b>Net cash inflow/(outflows) from working capital changes</b>		<b>608,319,030</b>	<b>(10,069,773,137)</b>	<b>(4,396,067,984)</b>	<b>(414,404,307)</b>
<b>Cash inflows/(outflows) from operating activities</b>		<b>15,002,929,957</b>	<b>(153,694,797)</b>	<b>10,403,355,384</b>	<b>(41,721,933)</b>
<b>Cash flows from investing activities</b>					
Purchase of property and equipment	19	(10,979,633,175)	(332,399,562)	(4,187,417,123)	(42,596,218)
<b>Net cash (outflows)/inflows from investing activities</b>		<b>(10,979,633,175)</b>	<b>(332,399,562)</b>	<b>(4,187,417,123)</b>	<b>(42,596,218)</b>
<b>Cash flows from financing activities</b>					
Capital contribution		917,718,846	1,560,699,876	350,000,000	200,000,000
<b>Cash inflows/(outflows) from financing activities</b>		<b>917,718,846</b>	<b>1,560,699,876</b>	<b>350,000,000</b>	<b>200,000,000</b>
<b>Increase/decrease in cash and cash equivalents during the year</b>		<b>4,941,015,628</b>	<b>1,074,605,517</b>	<b>6,565,938,261</b>	<b>115,681,849</b>
<b>Movement of cash and cash equivalents</b>					
Inflation affects					
Cash and cash equivalents at beginning of year		1,863,881,846	789,276,329	238,959,213	123,277,364
(Decrease)/increase in cash and cash equivalents		4,941,015,628	1,074,605,517	6,565,938,261	115,681,849
<b>Cash and cash equivalents at end of year</b>	<b>13</b>	<b>6,804,897,474</b>	<b>1,863,881,846</b>	<b>6,804,897,474</b>	<b>238,959,213</b>
<b>Represented by:</b>					
Cash at bank		6,805,018,003	1,863,916,244	6,805,018,003	238,963,621
Bank overdraft		(120,529)	(34,398)	(120,529)	(4,408)
<b>Cash and cash equivalents at end of year</b>	<b>13</b>	<b>6,804,897,474</b>	<b>1,863,881,846</b>	<b>6,804,897,474</b>	<b>238,959,213</b>

\* 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

12

**BUDGET AND ACTUALS AMOUNTS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

## STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS: HISTORICAL COST

	Actuals ZWL	Original Budget ZWL	Unallocated Reserve ZWL	Budget ZWL	Performance Difference ZWL
<b>A. Revenue</b>					
Revenue from non-exchange transactions					
Fees, fines, penalties and licenses	-	-	-	-	-
Government appropriation	4,000,894,782	8,070,000,000	-	8,070,000,000	4,060,105,218
Burroughs House	-	-	-	-	-
! Government appropriation for employment costs	5,646,157,268	2,288,381,000	4,467,120,448	6,755,501,448	1,109,344,180
	9,647,052,050	10,358,381,000	4,467,120,448	14,825,501,448	5,169,449,398
Revenue from exchange transactions					
Rendering of services	-	555,000,000	-	555,000,000	555,000,000
Other income	-	-	-	-	-
	-	-	-	-	-
<b>Total revenue</b>	<b>9,647,052,050</b>	<b>10,358,381,000</b>	<b>4,467,120,448</b>	<b>14,825,501,448</b>	<b>5,169,449,398</b>
<b>B. Employment costs</b>	<b>4,009,894,782</b>	<b>2,288,381,000</b>	<b>4,467,120,448</b>	<b>6,755,501,448</b>	<b>2,745,606,666</b>
<b>C. Administration costs</b>					
1 Communication and information	731,409,202	562,356,000	-	562,356,000	(169,053,202)
2 Educational material	-	8,701,000	-	8,701,000	8,701,000
3 Hospitality	-	400,984,000	-	400,984,000	400,984,000
4 Medical expenses	-	1,498,000	-	1,498,000	1,498,000
5 Office suppliers and services	599,695,351	281,894,000	-	281,894,000	(317,801,351)
6 Rental and hire services	23,233,725	90,000,000	-	90,000,000	66,766,275
7 Training and development	245,581,590	396,570,000	-	396,570,000	150,988,410
8 Travel expenses - domestic	927,281,509	1,025,994,000	-	1,025,994,000	98,712,491
9 Travel expenses - foreign	558,590,499	939,453,000	-	939,453,000	380,862,501
10 Utilities and other	348,924,013	100,060,000	-	100,060,000	(248,864,013)
11 Financial transactions	278,631,731	230,481,000	-	230,481,000	(48,150,731)
12 Institutional provisions	1,274,958,764	306,447,000	-	306,447,000	(968,511,764)
13 Repairs and maintenance	614,584,475	304,425,000	-	304,425,000	(310,159,475)
14 Fumigation and cleaning	11,096,472	26,897,000	-	26,897,000	15,800,528
15 Fuel, oils and lubricants	1,284,570,211	279,640,000	-	279,640,000	(1,004,930,211)
16 Foreign subscriptions	-	4,600,000	-	4,600,000	4,600,000
17 Other items not listed above	157,098,432	40,000,000	-	40,000,000	(117,098,432)
<b>18 Total administration costs</b>	<b>7,055,655,973</b>	<b>5,000,000,000</b>		<b>5,000,000,000</b>	<b>(2,055,655,973)</b>
Total recurrent expenditure excluding depreciation	11,065,550,755	7,288,381,000	4,467,120,448	11,755,501,448	689,950,693
<b>18 Net re-current surplus/(deficit) before non-financial assets</b>	<b>(1,409,498,705)</b>	<b>3,070,000,000</b>		<b>3,070,000,000</b>	<b>4,479,498,705</b>
<b>20 Depreciation to non-financial assets</b>	<b>-</b>	<b>-</b>		<b>-</b>	<b>-</b>
21 Additions to non-financial assets	3,013,862,042	3,020,000,000	1,041,000,000	4,061,000,000	1,047,137,958
22 Capital grant: Staff Loan Revolving Fund	350,000,000	550,000,000	-	550,000,000	200,000,000
	3,363,862,042	3,570,000,000	1,041,000,000	4,611,000,000	1,247,137,958
<b>23 Net Capital Expenditure underfunding</b>	<b>-</b>	<b>-</b>		<b>-</b>	<b>-</b>

\* The historical figures comparative for Budget against Actual is for other users who may need further information

! Revenue for Employment costs are guided by the interpretation of Section 26 of the Audit Office Act proviso that the Audit Office shall not charge for its services.





## STATEMENT OF ACCOUNTING POLICIES

### FOR THE YEAR ENDED DECEMBER 31, 2023

---

#### 1. NATURE OF BUSINESS

The reporting entity ("The Audit Office") was established by section 309 of the Constitution of Zimbabwe Amendment (No.20) of 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, No.48 Burroughs House, Harare.

The Office's sources of funding are from those;

- (a) Appropriated from Parliament; -which relates to funding from Government, and
- (b) Retained funds-which relate to audit fees charged to Local Authorities and Parastatals

The Audit Office established a staff loan revolving fund in terms of the Public Finance Management Act [Chapter 22:19]. Its objective is to attract, retain and motivate staff by providing loan financing to enhance staff welfare and support their professional development requirements as per the Funds constitution. The results of its operations have been included in the consolidated report.

#### 2. BASIS OF PREPARATION

##### 2.1 Statement of compliance

The Office made an earlier adoption of International Public Sector Accounting Standards ('IPSAS') at the beginning of the prior year. The Government wide transitional period of adopting "IPSAS" is 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 ('IPSAS') as it is in the transitional period to full 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 finalized by the authorities who regulate the reporting framework for all public institutions.



**STATEMENT OF ACCOUNTING POLICIES (CONTINUED)****FOR THE YEAR ENDED DECEMBER 31, 2023****2.2 New and revised IPSAS standards**

The International Public Sector Accounting Standards Board (IPSASB), has issued two new IPSAS Standards namely; IPSAS 43 Leases-issued in January 2022, IPSAS 46- "Measurements" issued in May 2023 and effective January 1, 2025. The Standard brings measurement guidance together in a single standard, and introduces a public sector current value measurement basis for assets held for their operational capacity and provides additional generic guidance on fair value, and IPSAS 44 Non-current Assets Held for sale and Discontinued operations which will be effective for annual period beginning on or after January 01, 2025, was issued in May 2022. The Office has not yet adopted them as they were considered not to have an impact in the current reporting period even though earlier application is allowed.

The Office adopted (IPSAS) 46-"Measurement" in May 2023 in line with the requirements of the Zimbabwe Financial Reporting Manual.

**International Public Sector Accounting Standard (IPSAS) 47-"Revenue"**

This is a single Standard to account for revenue transactions in the public sector. IPSAS 47 replaces the existing three (3) revenue standards, International Public Sector Accounting Standard (IPSAS) 9-Revenue from exchange transactions, International Public Sector Accounting Standard (IPSAS) 23-"Revenue from non-exchange transactions and IPSAS 11-"Construction contracts, and presents accounting models on revenue recognition as it may arise from transactions with or without binding arrangements which will improve financial reporting and support effective public sector financial management. The Standard was issued in May 2023 and will be effective for periods on or after January 1, 2026.

The Office adopted the standard in May 2023 on its Staff Loan Revolving Fund's financial statements of the prior year. The inclusion of the SLRF in the consolidated financial statements has no material effect on the adoption of the standard. The adoption of the standard was in line with the requirements of the Zimbabwe Financial Reporting Manual.

**2.3 Basis of measurement**

The Office's functional and presentation currency is the Zimbabwe Dollar (ZWL) for the financial year ended December 31, 2023. Historical cost comparative financial information as of, and for the year ended December 31, 2023, was accounted in ZWL (Zimbabwe Dollar) and adjusted to comply with the requirements of IPSAS 10 "Financial Reporting in Hyper-inflationary Economies" in Zimbabwe.



**STATEMENT OF ACCOUNTING POLICIES (CONTINUED)****FOR THE YEAR ENDED DECEMBER 31, 2023**

---

**2.3 Basis of measurement**

The Office's functional and presentation currency is the Zimbabwe Dollar (ZWL) for the financial year ended December 31, 2023. Historical cost comparative financial information as of, and for the year ended December 31, 2023, was accounted in ZWL (Zimbabwe Dollar) and adjusted to comply with the requirements of IPSAS 10 "Financial Reporting in Hyper-inflationary Economies" in Zimbabwe.

**2.4 Going concern**

Management has assessed 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 believes 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 (IPSASs). The statements are based on the appropriate accounting policies which were supported by reasonable and prudent judgements and estimates.

The 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 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 Office have been addressed and management confirms that the systems of accounting and internal control are operating satisfactorily. In light of the current financial position, management is satisfied that the 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 Office's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on a going-concern basis.





## STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

### FOR THE YEAR ENDED DECEMBER 31, 2023

#### 2.5 Functional and presentation currency

The organisation's financial statements are presented in Zimbabwean Dollar (ZWL), which was determined to be the organisation's functional currency. The organisation applied this judgement after Government promulgated Statutory Instrument 33 of 2019 (SI 33) on 22 February 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 Dollars at a rate which was at par with the United States Dollar (USD). Most of the organization's transactions are ZWL and the same currency is used for financial reporting. Foreign currency transactions are translated to the Zimbabwe Dollars using the RBZ Inter-bank rate.

#### 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 Hyper inflationary 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 Hyper Inflationary Economies" requires that the financial statements in the currency of a hyper inflationary 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 terms. 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, 2023	106 697.00	1.00
CPI as at December 31, 2022	13 672.91	7.80
CPI as at December 31, 2021	3977.46	3.44



## STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

## FOR THE YEAR ENDED DECEMBER 31, 2023

**Average**

CPI average for 2023	54 005.60	2,62
CPI average for 2022	9 198.69	1.49
CPI average for 2021	3135.23	4.36

The main procedures applied for inflation adjustment are as follows:

All corresponding figures as of, and for the year ended December 31, 2022, are inflation-adjusted in terms of the measuring unit current at the reporting date as follows:

- a. Monetary assets and liabilities are inflation-adjusted by applying the change in the index from December 31, 2022, to December 31, 2023.
- b. Non-monetary assets and liabilities that were not carried at amounts current at December 31, 2022, and components of equity are inflation-adjusted by applying the change in the index from December 31, 2022, to December 31, 2023.
- c. Profit or loss items/transactions, except the depreciation charges, are inflation-adjusted by applying the change in the index from December 31, 2023. Depreciation amounts are based on inflation-adjusted carrying amounts.

All current year figures are translated using the following procedures:

- (i) Monetary assets and liabilities that are carried at amounts current at the 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.
- (ii) Non-monetary assets and liabilities that were not carried at amounts current on December 31, 2023, and components of equity are inflation-adjusted by applying the change in the index from December 31, 2022, to December 31, 2023.
- (iii) Profit or loss items/transactions, except the depreciation charges, are inflation-adjusted by applying the change in the index from December 31, 2023. Depreciation amounts are based on inflation-adjusted carrying amounts.
- (iv) The effect of inflation on the net monetary position of the entity is included in the statement of financial performance as a loss or gain on monetary position.



**STATEMENT OF ACCOUNTING POLICIES (CONTINUED)****FOR THE YEAR ENDED DECEMBER 31, 2023**

- (v) 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**

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

**4 Critical accounting estimates and judgments**

In the application of the organization's accounting policies, which are described in note 5, management is required to make judgments (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 and may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year in accordance with the International Public Sector Accounting Standard (IPSAS) 3 "Accounting Policies, Changes in Accounting Estimates and Errors". Actual results may be different from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to 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 at the close of the period ended 31 December 2023. Management used the United States dollar market prices which were observable in an active market and 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\$6,104.7226. 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/service potential to the organization. Where an asset was revalued, all classes were also revalued.

The revaluation took into the age, physical condition, obsolescence, functionality, experience, technology changes, and the local operating environment.





## STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

### FOR THE YEAR ENDED DECEMBER 31, 2023

The residual values were assumed to be zero on all assets. The method used attempts to match the pattern of consumption of the asset's service potential. Considerations of impairment were also made.

#### Conditions/Age of asset

Management assumed that all assets working and in use were considered useful. Assets working and not in use also were considered useful. Assets not working and not in use, which await disposal both scraps, damaged, or boarded were considered as not useful.

#### Fair value measurement

The Office considered fair value as the appropriate basis for financial reporting. Fair value is defined as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date" The objective of a Fair Value Measurement ("FVM") was to estimate the price at which an orderly transaction to sell the asset or to transfer the liability would take place between the entity that holds the asset or the liability and market participants.

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

The organization assessed useful lives and residual values of property, plant, and equipment, considering experience, technology changes, and the local operating environment.

Changes and adjustments for depreciation were also made in the comparative period of 2022 with the effect of revaluation increases recognized in the statement of changes in net assets in that year.

However, management made separate assumptions about each class of asset. Computer equipment not in use but still working will continue with one year as their remaining life. All other computer equipment was assigned a new life of three (3) years. Office equipment not in use, but still working will continue and further assume one year, while all other Office equipment will assume a new life of eight (8) years. The same assumptions were also considered for Furniture and fittings. Motor vehicles which are considered old motor vehicles assumed a further one(1) year life. Those motor vehicles which are still in good condition assumed a new life of five (5) years.

Burroughs House was revalued by an independent valuer Ministry of Local Government and Public Works in October 2023. The valuation report was used for management valuation at year-end.



## STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

### FOR THE YEAR ENDED DECEMBER 31, 2023

---

The independent valuer's report was also considered as still recent to obtain another valuation report. was considered Its useful life was assumed to be reduced to thirty-eight (38) years though it was a right-of-use asset.

The existing useful lives for all assets are set out in note 5.5.1.

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

The principal accounting policies applied in the preparation of these 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 Hyper Inflationary 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 exercise its judgment in the process of applying the organization'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.

### 5.1 Foreign Currency translation and 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 organization's functional and presentation currency.

#### 5.1.2 Transactions and balances

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



**STATEMENT OF ACCOUNTING POLICIES (CONTINUED)****FOR THE YEAR ENDED DECEMBER 31, 2023**

---

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 the employer and employees contribute to the National Social Security Authority Scheme (NSSA). This is a social security scheme that was promulgated under the National Social Security Act. The organization'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 recognizes 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 provided for the organization'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 to spread the cost of pension over the employee's working life within the organization.





## STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

### FOR THE YEAR ENDED DECEMBER 31, 2023

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, Plant and Equipment

##### 5.5.1 Equipment and Mobile Assets

Equipment and mobile assets are stated at revalued amounts on a net replacement cost basis at the end of the financial reporting having considered the gross replacement costs less accumulated depreciation and accumulated impairment loss. The assets are depreciated using the below estimated lives to allocate the amounts of each asset on a straight-line basis.

	Years	Percentage
Motor vehicles	5	20%
Office equipment	10	10%
Computer equipment	3	33.3%
Furniture and fixtures	10	10%

The assets' useful lives and depreciation methods are reviewed, and adjusted, if appropriate, at each reporting date. At the close of the period, management adopted the new useful lives going forward.

##### 5.5.2 Right-of-use-asset

	Year	%
<b>Burroughs House Building</b>	40	2.5%

The building ('Burroughs House') is the property of the Government bought on September 1, 2006, and became 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 20.1) 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 amortization.

The building had a useful life of 40 years and this useful life is reviewed regularly. At the close of each period, management reviewed the useful live to thirty-eight (38).

**STATEMENT OF ACCOUNTING POLICIES (CONTINUED)****FOR THE YEAR ENDED DECEMBER 31, 2023**

---

**5.6 Inventories**

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 or constructive 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 will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow of respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures 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 recognised as interest expense.

**6 Financial instruments****6.1 Financial assets****(a) Classification and measurement under IPSAS 41**

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

**(b) Recognition**

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





## STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

### FOR THE YEAR ENDED DECEMBER 31, 2023

---

#### (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) Impairment of financial assets

##### Allowances for credit losses

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 amortized cost.

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

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

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

In applying this forward-looking approach, a distinction is made between: Financial Instruments that have not 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-month 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. A risk rate of 2% is used in this category.





## STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

### FOR THE YEAR ENDED DECEMBER 31, 2023

-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.

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:

- 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 re-organization;
- 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 future cash flows 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.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

## 7 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, and balances with banks,

Cash and cash equivalents only include items held to meet short-term cash commitments.



## STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

### FOR THE YEAR ENDED DECEMBER 31, 2023

Cash and cash equivalents have a maturity of less than three months and are carried at cost which due to their short-term nature, approximates 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 23 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 that (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.

##### 8.1.2.1(b) Interest income

Interest income arises from medium to long-term loans issued to the Audit Office employees. The arrangements are contractually binding with enforceable rights and performance obligations on each party. This interest revenue is recognized on a systematic basis, at a point in time, as and when it is accrued.

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 a transaction involving the rendering of services can be estimated reliably when;





## STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

### FOR THE YEAR ENDED DECEMBER 31, 2023

(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 organization on its own account when a potential obligation is satisfied by transferring a promised service to the customer, with passing of control either over-time 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 for these services.

##### 8.2.2.1(a) Rendering of services

Revenue is recognized when the 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 at 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 those 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 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 employee's salaries, which is deducted at source, remitted by the Salary Services Bureau (SSB)."

"The 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]."



## STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

## FOR THE YEAR ENDED DECEMBER 31, 2023

**10 Related parties****10.1 Key Management Personnel**

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

The aggregate remuneration of fifteen (15) executive members determined on a full-time equivalent basis receiving remuneration within this category are:

**10.1.1 Directors, Deputy Auditor General, and Auditor General**

Aggregate remuneration ZWL\$820,456,220.00

Bonus ZWL\$ 3, 003, 193.00

**10.1.2 Board Members Excluding ex-officio Executive Board Members**

The retainer fees, board meetings, and Committee meetings are as follows:

	<b>Retainer fees, and Board Meetings</b>	<b>Committee Meetings</b>
Board Meetings	USD24, 230	USD2, 760
Less: Withholdings tax @20%	USD 4,846	USD 552
Sub-total	USD19, 384	USD2,208
Inter-bank rate	1USD:ZWL\$6105	1USD:ZWL\$6105
Total net of withholding tax	ZWL\$118,333,943	ZWL\$13,479, 228





## AUDIT OFFICE

29

## NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2023

**11 Financial Instruments**

A financial instrument is a contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity.

**(a) Principal financial instruments**

The principal financial instruments used from which financial instrument risk arises, are as follows:

Trade receivables  
Cash and cash equivalents  
Trade and other payables

**(b) Recognition**

Financial assets and financial liabilities are recognized when the Audit Office becomes a party to the contractual provisions of the financial instrument.

**(c) Financial Assets**

The Office has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Cash and cash equivalents	Financial asset measured at fair value
Trade receivables	Financial asset measured at fair value

**12 Risk Management****12.1 Financial risk management**

The Office is exposed through its operations to the following financial risks:-

- a. Foreign exchange risk
- b. Credit risk
- c. Liquidity risk

Risk management is carried out by management under policies approved by the Audit Office Board. Management identifies and evaluates financial risks such as foreign exchange risk, interest risk, and credit risk.

**(a) Foreign exchange risk**

The Office is exposed to foreign exchange risks.

The organisation 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 organisation-wide-basis. Counterparty risk is further managed by constant engagement of credit customers to determine the current position.

## AUDIT OFFICE

## NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2023

## 12 Risk Management (continued)

## 12.1.1 Financial risk management (continued)

## Credit risk (continued)

Credit risk analysis	Inflation Adjusted		Historic cost	
	2023 ZWL	Restated 2022 ZWL	2023 ZWL	Restated 2022 ZWL
Receivables	6,119,876,937	5,045,264,721	6,119,876,937	476,415,356
Total receivables	6,119,876,937	5,045,264,721	6,119,876,937	476,415,356

The fair value of receivables as at December 31, 2022 approximates the carrying amount.

Analysis by credit quality of financial assets is as follows:

<b>Neither past due nor impaired</b>				
-Cash and cash equivalents	6,805,018,003	1,863,916,244	6,805,018,003	238,963,621
<b>Past due and not impaired</b>				
-Receivables	6,119,876,937	5,045,264,721	6,119,876,937	476,415,356
<b>Past due and impaired</b>				
-Receivables	-	-	-	-

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

## (c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities. 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 this 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. The Office manages liquidity risk by continuously monitoring forecast and actual cash flows.

Liquidity risk analysis	On demand less than one month ZWL	From 1 to 6 months ZWL	Over six months ZWL	Total  ZWL
<b>At December 31, 2023</b>				
<b>Assets</b>				
Inflation adjusted: 2023				
Trade and other receivables (excluding prepayments)	1,973,156,837	577,857,086	4,044,138,337	6,119,876,937
Cash and cash equivalents	6,805,018,003	-	-	6,805,018,003
<b>Total</b>	<b>8,778,174,840</b>	<b>577,857,086</b>	<b>4,044,138,337</b>	<b>12,924,894,940</b>
<b>Less: Liabilities</b>				
Inflation adjusted: 2023				
Payables	2,407,467,001	1,030,573,218	67,036,301	24,369,907,538
<b>Total</b>	<b>2,407,467,001</b>	<b>1,030,573,218</b>	<b>67,036,301</b>	<b>24,369,907,538</b>
<b>Liquidity gap-favourable</b>	<b>6,370,707,839</b>	<b>(452,716,132)</b>	<b>3,977,102,036</b>	<b>(11,445,012,598)</b>



## AUDIT OFFICE

## NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2023

## 12.2 Capital risk management

## Assets as per statement of financial position

	Inflation Adjusted		Historical Cost	
	2023	Restated	2023	Restated
	ZWL	2022	ZWL	2022
		ZWL		ZWL
Inventories	565,491,764	149,921,616	215,667,487	19,220,720
Trade and other receivables	6,119,876,937	5,045,264,721	6,119,876,937	476,415,356
Cash and cash equivalents	6,805,018,003	1,863,916,244	6,805,018,003	238,963,621
	<b>12,924,894,940</b>	<b>6,909,180,965</b>	<b>12,924,894,940</b>	<b>715,378,977</b>

## Liabilities as per statement of financial position

Less: Other financial liabilities at amortised cost	6,106,452	14,753,882	6,106,452	1,890,675
	<b>12,918,788,488</b>	<b>6,894,427,083</b>	<b>12,918,788,488</b>	<b>713,488,302</b>

The Audit Office'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 organisation may adjust the amount of investments it holds from time to time in order to maintain or adjust its capital structure.

## 12.3 Risk mitigation Measures

## 12.3.1 Insurance

The Office's Staff Loan Revolving fund partnered with NICOZ Diamond Insurance Company and CBZ Life Assurance which provides a certain cover in the event of default by employees. The product is such that it is the loan beneficiaries who pay the premium and the Fund only disburse loans after deducting premiums from the member. Subsequently, however, the fund will cater for annual premiums for outstanding balances.

## (a) Direct Deduction from Salary Services Bureau

Credit risk is the major risk the Fund faces. The fund had tried to cushion itself from risk of default by making use of Salary Service Bureau deduction, which deducts directly from members' salary.

## (b) Instruction to Pension Office through Salary Services Bureau.

The biggest threat is the resignation of members, as the monthly Salary Services Bureau deduction will cease. The fund counters the risk by instructing Salary Services Bureau to effect deduction equivalent to members outstanding obligation which can be recovered when members claim their pension. The fund, in liaison with Pensions Office, is set to recover funds even if members have not yet claimed their benefits and progress expected before the end of the first quarter of 2024.

## (c) Departed members

As members who leave the Office, their outstanding balances becomes due and payable.

	Inflation Adjusted		Historic cost	
	2023	Restated	2023	Restated
	ZWL	2022	ZWL	2022
		ZWL		ZWL
<b>13 Cash and cash equivalents</b>				
Cash at bank: Appropriation and retention accounts	6,716,726,936	1,663,487,779	6,716,726,936	213,279,187
Cash at bank: Staff loan revolving fund	88,291,067	200,428,465	88,291,067	25,684,434
<b>Total cash and cash equivalents</b>	<b>6,805,018,003</b>	<b>1,863,916,244</b>	<b>6,805,018,003</b>	<b>238,963,621</b>
<b>14 Bank overdraft</b>				
Sub-Exchequer account	120,529	34,398	120,529	4,408
<b>Total cash and cash equivalents</b>	<b>120,529</b>	<b>34,398</b>	<b>120,529</b>	<b>4,408</b>

The 2023 cash and cash equivalent balance includes the Sub-Exchequer account. In 2022, this account was not included. The 2022 audited financial statements have also been adjusted. This has the effect of reducing the cash and cash equivalents by ZWL 4 408.00 and increasing administration expenses.

## AUDIT OFFICE

## NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2023

	Inflation Adjusted		Historic cost	
	2023	Restated 2022	2023	Restated 2022
	ZWL	ZWL	ZWL	ZWL
<b>15 Receivables from exchange transactions</b>				
Current portion of trade receivables				
Trade receivables	5,523,868,915	2,810,562,565	5,523,868,915	190,043,557
Allowance for credit losses	(110,477,378)	(56,211,254)	(110,477,378)	(9,447,342)
<b>15.1 Net trade receivables</b>	<b>5,413,391,537</b>	<b>2,754,351,311</b>	<b>5,413,391,537</b>	<b>180,596,215</b>
<b>15.2 Other receivables</b>	<b>183,289,315</b>	<b>968,376,262</b>	<b>183,289,315</b>	<b>124,095,129</b>
<b>Total receivables</b>	<b>5,596,680,852</b>	<b>3,722,727,573</b>	<b>5,596,680,852</b>	<b>304,691,344</b>
<b>15.3 Non-current portion of trade receivables</b>				
Trade receivables	137,230,226	30,575,407	137,230,226	3,919,924
Allowance for credit losses	(5,489,209)	(1,515,524)	(5,489,209)	(194,298)
	<b>131,741,017</b>	<b>29,059,883</b>	<b>131,741,017</b>	<b>3,725,626</b>
<b>16 Receivables from non-exchange loaning transactions</b>				
<b>16.1 Current portion of loan receivables</b>				
Loan receivables	194,394,191	569,472,057	194,394,191	72,976,498
Allowance for credit losses on loan receivables	-	-	-	-
	<b>194,394,191</b>	<b>569,472,057</b>	<b>194,394,191</b>	<b>72,976,498</b>
<b>16.2 Non-current portion of loan receivables</b>				
Loans receivables	401,613,831	1,665,230,099	401,613,831	213,395,301
Allowances for credit losses on loans	(12,010,387)	(45,496,945)	(12,010,387)	(5,830,326)
	<b>389,603,444</b>	<b>1,619,733,154</b>	<b>389,603,444</b>	<b>207,564,975</b>

## 17 Allowance for credit losses model

## 17.1 Allowance for credit losses on receivables from exchange transactions

As at December 31, 2023, the lifetime expected loss provision for the receivables from exchange transactions was as follows:

	Inflation Adjusted		Historic cost	
	2023	Restated 2022	2023	Restated 2022
	ZWL	ZWL	ZWL	ZWL
<b>Stage 1</b>				
Expected loss rate	2%	2%	2%	2%
Current Debtors	5,523,868,915	2,810,562,565	5,523,868,915	190,043,557
Loss allowance	110,477,378	56,211,254	110,477,378	9,447,342
Carrying amount	5,413,391,537	2,754,351,311	5,413,391,537	180,596,215
<b>Stage 2</b>				
Expected loss rate	4%	4%	4%	4%
Non Current Debtors	137,230,226	30,575,407	137,230,226	3,919,924
Loss allowance	5,489,209	1,515,524	5,489,209	194,298
Carrying amount	131,741,017	29,059,883	131,741,017	3,725,626
<b>Total credit losses</b>	<b>115,966,587</b>	<b>57,726,778</b>	<b>115,966,587</b>	<b>9,641,640</b>

## 17.2 Allowance for credit losses on loan receivables

As at December 31, 2023, the lifetime expected loss provision for the loan receivables was as follows:

<b>Stage 1</b>				
Expected loss rate	0%	2%	0%	2%
Carrying amount	194,394,191	2,201,687,080	194,394,191	282,140,995
Loss allowance	-	44,033,742	-	5,642,820
<b>Stage 2</b>				
Expected loss rate	3%	5%	3%	5%
Carrying amount	401,613,831	29,264,098	401,613,831	3,750,125
Loss allowance	12,010,387	1,463,205	12,010,387	187,506
<b>Total credit losses</b>	<b>12,010,387</b>	<b>45,496,947</b>	<b>12,010,387</b>	<b>5,830,326</b>
<b>18 Inventories</b>				
Consumables	565,491,764	149,921,616	215,667,487	19,220,720
	<b>565,491,764</b>	<b>149,921,616</b>	<b>215,667,487</b>	<b>19,220,720</b>



## 19 Property, plant and equipment

## 19.1 Inflation Adjusted

Description	Furniture and Fittings ZWL	Computer Equipment ZWL	Office Equipment ZWL	Motor Vehicles ZWL	Buildings ZWL	Total ZWL
At December 31, 2023						
Cost	2,517,667,795	14,192,211,878	746,603,057	9,810,719,967	26,985,457,650	54,252,660,347
Accumulated depreciation	(1,004,651,585)	(10,208,107,147)	(350,667,381)	(6,219,627,814)	(168,632,213)	(17,951,686,140)
<b>Net book value</b>	<b>1,513,016,210</b>	<b>3,984,104,731</b>	<b>395,935,676</b>	<b>3,591,092,153</b>	<b>26,816,825,437</b>	<b>36,300,974,207</b>
Year ended December 31, 2023						
Opening net book value	4,393,960,869	3,026,681,978	539,225,678	13,163,290,622	2,196,751,499	23,319,910,646
Additions	82,790,451	10,567,385,193	254,007,612	75,449,919	-	10,979,633,175
Depreciation charge for the year	(48,735,061)	(1,272,826,108)	(12,908,884)	(488,101,898)	(6,908,184)	(1,829,480,135)
Revaluation surplus	(609,756,935)	(877,887,726)	(58,570,267)	(2,077,293,958)	24,626,982,122	21,003,473,236
Impairment	(2,305,243,114)	(7,459,248,605)	(325,818,463)	(7,082,252,532)	-	(17,172,562,714)
<b>Closing net book value</b>	<b>1,513,016,210</b>	<b>3,984,104,732</b>	<b>395,935,676</b>	<b>3,591,092,153</b>	<b>26,816,825,437</b>	<b>36,300,974,208</b>
At December 31, 2022						
Cost	5,349,877,393	11,961,963,016	876,984,175	18,894,816,538	2,358,475,528	39,442,116,650
Accumulated depreciation	(955,916,524)	(8,935,281,039)	(337,758,497)	(5,731,525,916)	(161,724,029)	(16,122,206,005)
<b>Net book value</b>	<b>4,393,960,869</b>	<b>3,026,681,977</b>	<b>539,225,678</b>	<b>13,163,290,622</b>	<b>2,196,751,499</b>	<b>23,319,910,645</b>
Year ended December 31, 2022						
Opening net book value	4,871,084,098	6,869,555,655	460,583,533	16,942,253,928	2,250,659,509	31,394,136,723
Additions	55,997,912	123,322,002	153,079,648	-	-	332,399,562
Depreciation charge for the year	(533,121,141)	(3,966,195,679)	(74,437,503)	(3,778,963,306)	(53,908,010)	(8,406,625,639)
<b>Closing net book value</b>	<b>4,393,960,869</b>	<b>3,026,681,978</b>	<b>539,225,678</b>	<b>13,163,290,622</b>	<b>2,196,751,499</b>	<b>23,319,910,646</b>



## AUDIT OFFICE

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## FOR THE YEAR ENDED DECEMBER 31, 2023

## 19 Property, plant and equipment

## 19.2 Historical cost

Description	Furniture and Fittings ZWL	Computer Equipment ZWL	Office Equipment ZWL	Motor Vehicles ZWL	Buildings ZWL	Total ZWL
At December 31, 2023						
Cost	717,148,799	5,563,091,099	209,256,979	2,450,101,198	302,233,064	9,241,831,139
Accumulated depreciation	(193,160,834)	(2,417,861,252)	(56,191,837)	(1,222,583,396)	(27,632,736)	(3,917,430,055)
Revaluation surplus	989,028,245	838,874,885	242,870,534	2,363,574,351	26,542,225,109	30,976,573,124
<b>Net book value</b>	<b>1,513,016,210</b>	<b>3,984,104,732</b>	<b>395,935,676</b>	<b>3,591,092,153</b>	<b>26,816,825,437</b>	<b>36,300,974,208</b>
Year ended December 31, 2023						
Opening net book value	563,075,699	387,862,141	69,100,496	1,686,844,578	281,508,512	2,988,391,426
Additions	31,574,657	4,030,193,814	96,873,530	28,775,122	-	4,187,417,123
Depreciation charge for the year	(70,662,391)	(1,272,826,108)	(12,908,884)	(488,101,898)	(6,908,184)	(1,851,407,465)
Revaluation surplus	989,028,245	838,874,885	242,870,534	2,363,574,351	26,542,225,109	30,976,573,124
<b>Closing net book value</b>	<b>1,513,016,210</b>	<b>3,984,104,732</b>	<b>395,935,676</b>	<b>3,591,092,153</b>	<b>26,816,825,437</b>	<b>36,300,974,208</b>
At December 31, 2022						
Cost	685,574,142	1,532,897,285	112,383,449	2,421,326,076	302,233,064	5,054,414,016
Accumulated depreciation	(122,498,443)	(1,145,035,144)	(43,282,953)	(734,481,498)	(20,724,552)	(2,066,022,590)
<b>Net book value</b>	<b>563,075,699</b>	<b>387,862,141</b>	<b>69,100,496</b>	<b>1,686,844,578</b>	<b>281,508,512</b>	<b>2,988,391,426</b>
Year ended December 31, 2022						
Opening net book value	624,217,913	880,317,319	59,022,691	2,171,109,793	288,416,696	4,023,084,412
Additions	7,176,000	15,803,423	19,616,795	-	-	42,566,218
Depreciation charge for the year	(68,318,214)	(508,258,601)	(9,538,990)	(484,265,215)	(6,908,184)	(1,077,289,204)
<b>Closing net book value</b>	<b>563,075,699</b>	<b>387,862,141</b>	<b>69,100,496</b>	<b>1,686,844,578</b>	<b>281,508,512</b>	<b>2,988,391,426</b>





**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

**20 Payables under non-exchange transactions**

**20.1 Inflation adjusted**

	2023 ZWL	2022 ZWL
Opening carrying amount of lease liability	23,375,552,265	23,963,616,473
Charge to revenue	(588,064,208)	(588,064,208)
<b>Closing carrying amount</b>	<b>22,787,488,057</b>	<b>23,375,552,265</b>

**20.2 Historical cost**

	2023 ZWL	2022 ZWL
Opening carrying amount of lease liability	281,508,512	288,416,696
Charge to revenue	(6,908,184)	(6,908,184)
<b>Closing carrying amount</b>	<b>274,600,328</b>	<b>281,508,512</b>

## AUDIT OFFICE

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2023

	Inflation Adjusted		Historical Cost	
	2023 ZWL	Restated 2022 ZWL	2023 ZWL	Restated 2022 ZWL
<b>21 Payables under exchange transactions</b>				
Trade payables	1,520,644,383	244,147,929	1,520,644,383	31,286,980
Audit fees provision	35,203,432	24,949,411	35,203,432	3,197,208
Other payables	20,465,214	-	20,465,214	-
<b>Total payables</b>	<b>1,576,313,029</b>	<b>269,097,340</b>	<b>1,576,313,029</b>	<b>34,484,188</b>
<b>21.1 Audit fees provision</b>				
Audit fees provision	3,197,208	-	3,197,208	-
At the beginning of the year	35,203,432	24,949,411	35,203,432	3,197,208
Provision for the year	(3,197,208)	-	(3,197,208)	-
Paid during the year				
At the end of the year	35,203,432	24,949,411	35,203,432	3,197,208
<b>22 Loan payables from SLRF</b>				
Other payables loan related	4,807,267	11,712,413	4,807,267	1,500,918
Over- deductions on loans	1,299,185	3,041,469	1,299,185	389,757
	6,106,452	14,753,882	6,106,452	1,890,675
<b>23 Revenue</b>				
<b>23.1 Revenue from non - exchange transactions</b>				
Government appropriated transfers for operation	28,040,950,906	7,617,994,642	10,694,269,663	976,228,006
Government appropriated salaries	14,806,220,835	5,832,152,407	5,646,802,736	747,376,545
Burroughs house	588,064,208	588,064,208	6,908,184	6,908,184
Loan interest	65,425,933	89,045,677	24,952,170	11,410,993
	<b>43,500,661,882</b>	<b>14,127,256,934</b>	<b>16,372,932,753</b>	<b>1,741,923,728</b>
<b>23.2 Revenue from exchange transactions</b>				
Rendering of services	30,009,092,910	3,601,016,668	11,444,880,489	461,461,774
	<b>30,009,092,910</b>	<b>3,601,016,668</b>	<b>11,444,880,489</b>	<b>461,461,774</b>
<b>23.3 Other income</b>				
	155,953,984	52,090,934	59,477,796	6,675,330
	<b>155,953,984</b>	<b>52,090,934</b>	<b>59,477,796</b>	<b>6,675,330</b>
<b>Total revenue</b>	<b>73,665,708,776</b>	<b>17,780,364,536</b>	<b>27,877,291,038</b>	<b>2,210,060,832</b>



## AUDIT OFFICE

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## FOR THE YEAR ENDED DECEMBER 31, 2023

	Inflation Adjusted		Historical Cost	
	2023 ZWL	Restated 2022 ZWL	2023 ZWL	Restated 2022 ZWL
<b>24 Administration costs</b>				
Communication and information	2,370,310,121	1,032,759,245	903,989,872	132,345,656
Educational material	-	11,600,393	-	1,486,563
Hospitality	1,175,488,463	505,612,838	448,308,285	64,793,090
Medical expenses	-	312,140	-	40,000
Office suppliers and services	1,645,359,322	345,209,700	627,507,831	44,237,807
Rental and hire services	740,885,380	-	282,559,178	-
Training and development	775,032,111	672,590,487	295,582,073	86,190,881
Travel expenses - domestic	4,797,914,631	2,981,361,352	1,829,830,702	382,054,410
Travel expenses - foreign	1,518,412,360	281,025,082	579,092,745	36,012,700
Utilities and other	932,233,459	280,098,073	355,535,589	35,893,906
Bank charges	199,928,187	369,127,792	76,248,696	47,302,854
Insurance	12,604,913	11,746,818	4,807,267	1,505,327
Audit fees	134,697,998	24,949,411	51,371,179	3,197,208
Consulting fees	433,832,601	-	165,455,260	-
Institutional provisions	2,982,256,420	464,415,067	1,137,374,209	59,513,693
Repairs and maintenance	2,061,494,706	648,434,395	786,213,719	83,095,335
Fumigation and cleaning	53,872,876	64,789,904	20,546,060	8,302,673
Fuel, oils and lubricants	3,387,091,950	623,100,889	1,291,770,554	79,848,906
Allowance for credit loss	24,753,251	102,808,646	112,642,266	13,174,685
Foreign subscriptions	203,775,440	45,277,324	77,715,963	5,802,182
Depreciation and impairment	19,002,042,849	8,406,625,639	1,851,407,465	1,077,289,204
Other items not listed above	349,844,451	-	133,423,824	-
<b>Total administration costs</b>	<b>42,801,831,489</b>	<b>16,871,845,195</b>	<b>11,031,382,737</b>	<b>2,162,087,080</b>
<b>25 Employment costs</b>				
Pensionable salaries	13,320,638,616	5,600,427,891	5,080,230,764	717,681,596
Bonus	1,465,245,941	560,692,441	558,816,114	71,851,411
Constitutional and statutory appropriation	20,336,277	67,496,742	7,755,858	8,649,548
<b>Total employment costs</b>	<b>14,806,220,834</b>	<b>6,228,617,074</b>	<b>5,646,802,736</b>	<b>798,182,555</b>

**26 Net exchange (loss)/ gain on foreign currency translation**

The above arises as a result of translation of non- monetary transactions and items at the closing rate as at the financial statement date signifying a loss in value of the reporting currency.

**27 Going concern**

The Audit Office incurred an inflation adjusted deficit of ZWL4 044 120 965 (2022: surplus of ZWL1 1 994 708 263). However, as at the reporting date, the current assets exceeded its current liabilities by ZWL11 488 607 308. Management believes the Audit Office will continue to operate for the foreseeable future though it realised an inflation adjusted deficit in the current year. It is on this basis that the Audit Office has prepared the inflation adjusted financial statements on a going concern basis.

**28 Events after reporting date****Introduction of the Zimbabwe Gold currency**

On April 05, 2024, the Reserve Bank of Zimbabwe Governor, through Statutory Instrument 60 of 2024, announced the introduction of the new Zimbabwean currency (ZiG) which will be backed by gold and other reserves. The exchange rate on the date of announcement was pegged at ZiG 1: USD 0.06. The new currency replaced the Zimbabwean Dollar (ZWS) and started circulating on April 30, 2024.

Management has determined that the new currency introduction is a subsequent event and has determined it has no effect on the reported figures in the financial statements. The change of currency will affect operational activities from April 05, 2024, whereby all transactions are to be translated to the new currency with all assets and liabilities being translated at the rate obtaining at the close of business of April 05, 2024.

As such, it has been disclosed as a non-adjusting event.

**OFFICE OF THE AUDITOR-GENERAL**

**Burroughs House**

48 G. Silundika Avenue corner S. V. Muzenda

Box CY143

Causeway

Harare

**[www.auditorgeneral.gov.zw](http://www.auditorgeneral.gov.zw)**