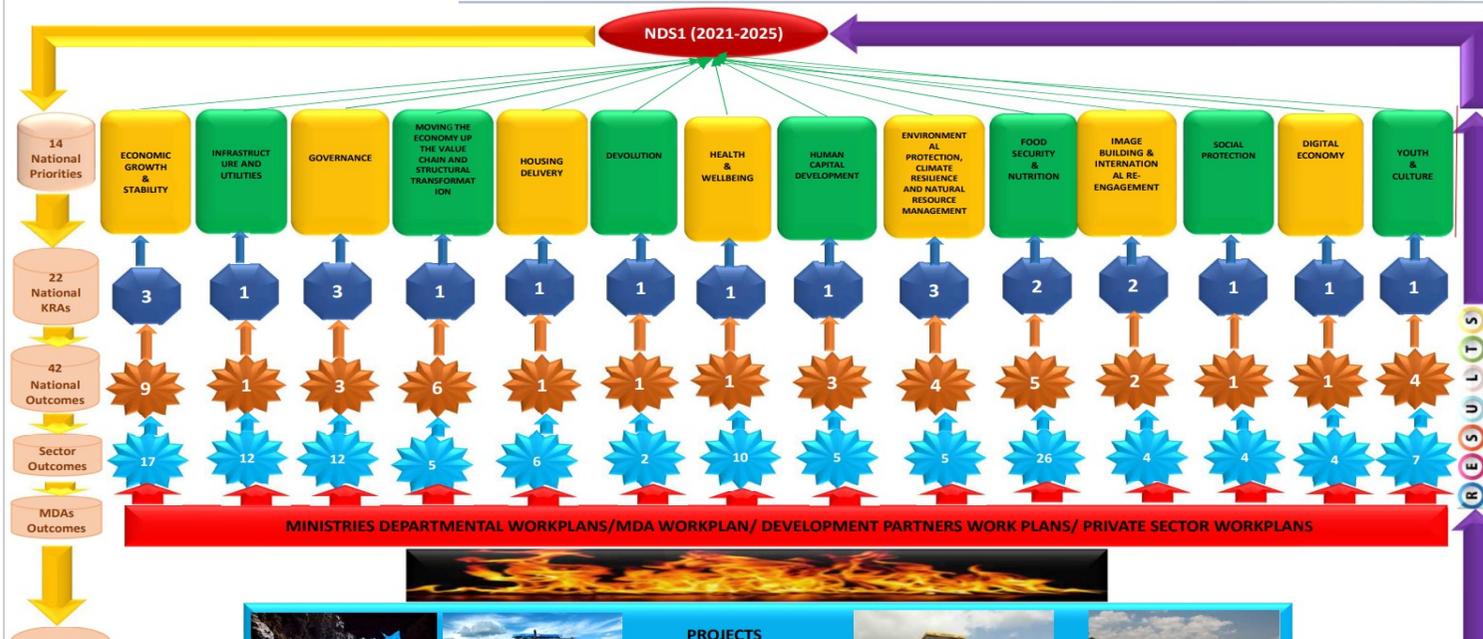
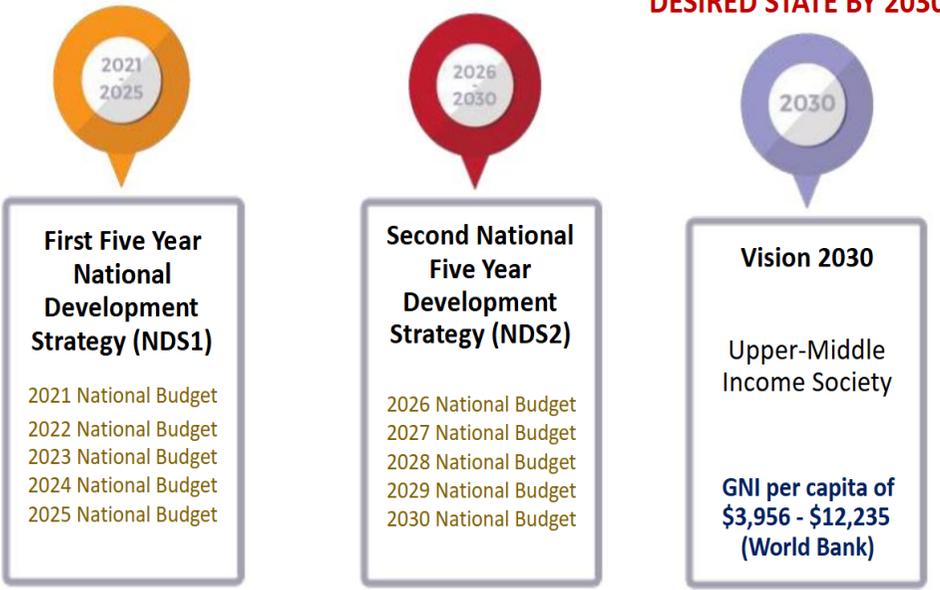




AUDIT OFFICE
2022
ANNUAL



Zimbabwe's Journey towards Vision 2030...



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Audited Financial Statements

Commitment | Respect | Empathy | Teamwork | Integrity | Accountability

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

22:18] is :-

- a. 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.
- b. 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.
- c. to order the taking of measures to rectify any defects in the management and safeguarding of public funds and public property; and
- d. 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 or her functions the Auditor General is independent and subject only to the law”.

Through the execution of its Constitutional mandate, the Audit Office 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 Audit Office not only contributes to the achievement of national priorities but also paves the way for economic growth, transparency, accountability, and good corporate governance, which are critical tools for the realization of economic growth and national goal priorities, thereby inspiring hope for a brighter future.

National Contribution

Aligned with the national vision of a prosperous and empowered upper-middle-income economy by 2030, the Audit Office 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.



OUR VALUES

Our vision

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



COMMITMENT

Self-driven, promise keeping to foster mastery in customer service delivery, thereby leaving a legacy of being visionaries.



RESPECT

Accepting mutual and reciprocal individuals' self-esteem, diversity of view and need for recognition and acknowledgment of the office structures, processes and authority.



EMPATHY

Empathetic support and encouragement within the OAG family.



ACCOUNTABILITY

Responsibility of giving assurance on the effective use of public resources and answerable for individual actions.



TEAMWORK

Result oriented contribution each of us makes through inspiration, creativity, chemistry and effectiveness.



INTEGRITY

Being transparent, trustworthy and fair in order to guarantee profession-

Our 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.

Period of Accounts

Year ended December 31, 2022.

Accounting Officer

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

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

Audit Office Board

	Date of appointment	Date of gazetting
Late Justice N. Mtshiya (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 Bonface Mukwenga — Acting Deputy Auditor General : Administration and Finance

Mrs Liaza Chikowore — Acting Deputy Auditor General

Ms Faithmary Manyangadze — Acting Deputy Auditor General

Administration and Finance

Mr Leonard Mpofo—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

B. Mukwenga

B. MUKWENGA

BOARD SECRETARY

November 25, 2024

Commitment | **Respect** | **Empathy** | **Teamwork** | **Integrity** | **Accountability**



Dr. M. T. Kunaka
Acting Board Chairman

INTRODUCTION

It is my pleasure to present to you the Annual Report for the Audit Office for the year ended December 31, 2022 outlining the performance and achievements during the year. The Audit Office is a unique institution and a key cog in the system of public sector governance and is charged with assuring transparency and accountability of public sector financial management.

AUDIT OFFICE BOARD

During 2022 the Audit Office had no Board of Directors. In that regard, matters which required to be considered and approved by the Board were being referred to the Ministry of Finance, Economic Development and Investment Promotion. The Audit Office Board was subsequently appointed on April 24, 2023, for a three-year term effective May 1, 2023 in line with the Audit Office Act [Chapter 22:18] and Section 314 of the Constitution which provides for the appointment of the Board whose key function is “to employ persons to assist the Auditor-General in the exercise of his or her functions”. The Board was operationalised on June 28, 2023.

OPERATING ENVIRONMENT

The Board noted the ever-changing economic environment that the Audit Office was operating under throughout the year 2022. The economy exhibited signs of resilience and adaptability despite the persistent challenges posed by the inflationary environment. The country was recovering from the adverse effects of the COVID 19 pandemic, businesses, and the economy as a whole displayed notable capacity to weather the storm. Due to the subdued economic performance, Treasury releases to MDAs including the Audit Office were below the budgeted amounts.

HIGHLIGHTS

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

The Audit Office managed to continue to uphold its constitutional mandate despite the challenging operating environment and audit backlogs that arose due to COVID 19 restrictions. The Annual Auditor General’s Report for Appropriation Accounts, State Owned Enterprises and Local Authorities was produced by the statutory deadline and subsequently tabled in Parliament.

The financial statements of the Audit Office recorded inflation-adjusted total income of ZWL\$3.83 billion in 2022 (2021: ZWL\$ 3.58 billion) with an inflation adjusted deficit of ZWL\$ 1.23 billion (surplus 2021: ZWL\$ 876 million). The Office’s budget for the year was ZWL\$1.35 billion and a total of ZWL \$616.03 million (46%) was released by Treasury while more than half (ZWL \$732.97 million) of the budget was not released due to the difficult economic environment and the Covid-19 pandemic.

APPRECIATION

dedication, team work and collaboration.

Commitment | Respect | Empathy | Teamwork | Integrity | Accountability





“We successfully managed to produce the Annual reports within the statutory deadline through resilient and dedicated management and staff”.

Name Rheah Kujinga

Title Acting Auditor-General of Zimbabwe

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

OPERATING ENVIRONMENT

The year 2022 was a challenging one for most public sector entities in the country. The opening of economies from COVID-19 restrictions and associated demand and supply-side, food and fuel inflationary pressures emanating from the Russia-Ukraine conflict resulted in historic high inflation levels in most countries and Zimbabwe was not spared. Following further relaxation of COVID-19 related restrictions, domestic economic activity improved in 2022 on the back of improved performance in various sectors led by a boom in agricultural production. The improvement was supported by tight monetary and fiscal policy measures, which helped stabilize the domestic economy.

Inflationary pressures persisted as a result of shocks inherent in a dual currency environment and prices of goods and services continued to rise. The economy continued to face challenges during the year under review which included electricity supply bottlenecks, continued procurement delays, increased costs of raw materials, rising production costs and demand for salary increases. As a result of the subdued economic performance, Treasury releases to MDAs including the Audit Office were below the budgeted amounts.

FINANCIAL PERFORMANCE HIGHLIGHTS

The Office’s financial results are reported in Zimbabwean dollars (ZWL\$) since the change in functional and reporting currency on February 22, 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 Public Sector Accounting Standard (IPSAS) 10 – “Financial Reporting in Hyperinflationary Economies”. The Zimbabwe economy continued to be classified as a hyperinflationary economy during the

The inflation adjusted non-current assets decreased by 6% from ZWL\$28 billion to ZWL\$ 26.39 billion as at December 31, 2022. Current assets of ZWL\$ 540.9 million exceeded the current liabilities of ZWL\$ 34.48 million by ZWL\$ 506.42 million and this was due to prudent financial management.

OPERATIONAL HIGHLIGHTS

The Audit Office continued to carry out its mandate under difficult conditions characterised by low revenue inflows and rising operational costs as a result of inflation. Notwithstanding the challenges faced, the Audit Office was able to record some noteworthy achievements during the year under review as detailed below.

The Office’s operations are guided by the Audit Office 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 Office has been consistently producing annual operational plans linked to Integrated Results Based Management (IRBM System). The planning process enables the Office to identify priorities, budget and measure progress.

Property and Equipment

Thanks to the Treasury which supported the Audit Office to acquire 200 swivel chairs and 140 laptops. In addition, the Office received fifty (50) laptops and sixteen (16) scanners from development partners.

HUMAN CAPITAL DEVELOPMENTS

The ability to attract, recruit and maintain motivated and professional human resources is important in the effective execution of the Auditor-General’s mandate. Uncompetitive remuneration and the resultant high staff turnover are current risks to the ability of the Auditor-General to deliver the audit mandate on a sustainable basis. The number of staff is not commensurate with the overall workload, that is, the number of government institutions I am mandated to audit.

sponsors various training programs for continuous professional development of its staff. During the year under review, the Office participated in both local and external training activities.

STAKEHOLDER ENGAGEMENT

The Audit Office undertakes stakeholder engagements to improve communication within the organization, promote the Audit Office's vision, mission, and values, brand and reputation. In 2022, the Audit Office was able to participate in workshops and Committee meetings of the Public Accounts Committee.

During the year 2022, the Audit Office participated in the Zimbabwe International Trade Fair (ZITF) held in Bulawayo, and at the Zimbabwe Agricultural Show (ZAS) in Harare. The exhibitions created an opportunity for the Audit Office to promote public awareness, educate citizens on the role of the Auditor General in promoting transparency, accountability and public service delivery.

Development Partner Support

The Audit Office continued to receive assistance from development partners in the procurement of resources that enabled it in executing its mandate. The development partners also sponsored workshops that were aimed at keeping Office staff abreast with new trends in their respective fields.

There were eighteen (18) workshops held by the Office with the assistance from Development partners. The Office has continued in maintaining cordial and good working relationship with the development partners for technical support. Of note is the Swedish National Audit Office (SNAO) which has been the Office's development partner for many years dating back to the early 90s when technical advisors were seconded to the Audit Office to render technical assistance in the setting up of the Value for Money audit unit in the Office. It has continued to assist the Audit Office in various fields.

IMPROVED PUBLIC SECTOR TRANSPARENCY, ACCOUNTABILITY AND SERVICE DELIVERY

were still being felt especially on audit backlogs. The lockdown conditions had the impact of slowing down the Office's ability to discharge its statutory obligations of auditing public entities in Zimbabwe.

ACKNOWLEDGEMENTS

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 expertise, dedication and hard-work made a significant impact on 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.

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

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

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



R. KUJINGA
ACTING AUDITOR-GENERAL
November 25, 2024

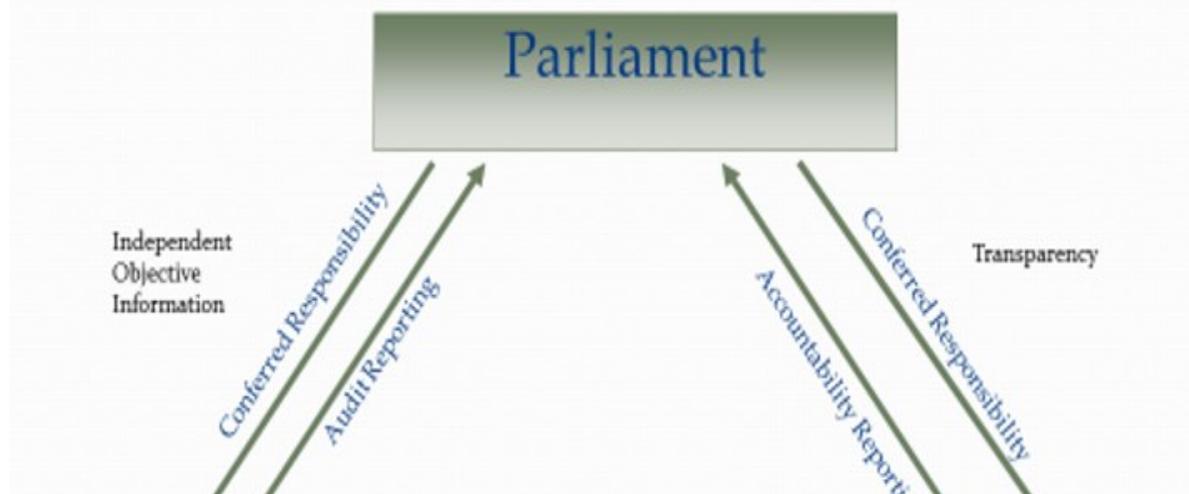
In terms of section 10 of the Audit Office Act [Chapter 22:18] the Auditor-General, after examining the accounts submitted to her in terms of section 35(6) and (7) of the Public Finance Management Act [Chapter 22:19], shall prepare and submit to the Minister not later than 30th June in each year, a report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

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

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

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

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



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 mandate of Auditor-General which is to audit the whole of public sector with a pivotal role of promoting attainment of public sector transparency, accountability, good corporate governance and public service delivery. The audits are conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs) and International Standards on Auditing (ISAs). The Office 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 ar-

- ◆ 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.



AUDIT OFFICE MANAGEMENT





Ms Rheah Kujinga
Acting Auditor General



Mrs Mildred Chiri
Auditor General(Rtd March 2023)

Deputy Auditors - General



Mrs. N. Magadza
Deputy Auditor General 1



Mrs. L. Chikowore
Acting Deputy Auditor General 2



Commitment | Respect | Empathy | Teamwork | Integrity | Accountability



Mrs. M. Chekumanyara
Director of Audit



Mr M. Munodawafa
Director of Audit



Mr. R. Mukahanana
Director of Audit



Ms. V. Shiri
Director of Audit



Mr. M. Makotore
Director of Audit



Mr. B. Masawi
Director of Audit



Developed Operational and Finance Plans using Integrated Results Based Management (IRBM)

140 laptops and 200 swivel chairs were purchased

Received 50 laptops from UNDP and SNAO

ON THE CARDS:

Rehabilitation of Burroughs House

20 new staff members recruited

15 In-house trainings

Exhibited at ZITF and ZAS

19 External trainings

Outcome 2 :Improve Public Sector transparency, accountability and service delivery

24 Ministries

34 Funds

155 State Owned Enterprises (SOEs)

92 Local Authorities (LA)

OAG Staff trained on Audit Standards and Methodology

Enhanced Quality Assurance

3 Auditor General's Reports produced



AUDITED
FINANCIAL
STATEMENTS

**AUDIT OFFICE
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR DECEMBER 31, 2022**

Commitment | **Respect** | **Empathy** | **Teamwork** | **Integrity** | **Accountability**
Commitment | **Respect** | **Empathy** | **Teamwork** | **Integrity** | **Accountability**



For the year ended December 31, 2022

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.

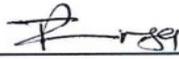
The Board is of the opinion that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the inflation adjusted financial statements. However, any system of internal financial control can provide only reasonable, and not absolute,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

The Board has reviewed the Audit Office’s cash flow forecast for the year to December 31, 2023 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 inflation adjusted financial statements set out on pages 11 to 29, which have been prepared on the going concern basis, were approved by the Board on JANUARY 30, 2024 and were signed on their behalf by:

Commitment | Respect | Empathy | Teamwork | Integrity | Accountability

R. Kujinga (Ms.)
Acting Auditor General



Signature

27-02-2024
Date

Dr. M. T. Kunaka
Acting Board Chairperson



Signature

29/02/2024
Date

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 11 to 29 which comprise the inflation adjusted statement of financial position as at December 31, 2022, 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 effects of the matter described in the Basis for Qualified Opinion section of my report, the accompanying inflation adjusted financial statements present fairly, in all material respects, the financial position of the Audit Office as at December 31, 2022, 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 matters:

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

During the financial year, the foreign currency denominated transactions and balances were translated into ZWL\$ using the RBZ interbank exchange rates or current auction rates. I concluded that the interbank exchange rates did not meet the definition of a spot exchange rate as per IPSAS 4. The following amounts on the inflation adjusted statement of profit or loss for the year ended December 31, 2022 are impacted:

- Revenue from exchange transactions of ZWL 696 519 305 (2021: 727 785 877)
- Administration costs (including depreciation) of ZWL 3 194 023 028 (2021: ZWL 1 401 861 127)
- Employment costs stated at ZWL 1 187 578 496 (2021: ZWL 1 094 983 259)

This impacts the accumulated deficit of ZWL\$ 67 372 167 on the inflation adjusted statement of financial position. Had the financial statements been prepared in accordance with the requirements of the IPSAS 4, some elements would have been materially different. The effects of non-compliance with the requirements of IPSAS 4 have been considered to be material to the financial statements as a whole.

11% of total assets. The provisions of International Public Sector Accounting Standard 17: *Property, Plant and Equipment* (IPSAS 17) state that revaluations should be carried out regularly, so that the carrying amount of an asset does not differ materially from its fair value at the reporting date.

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

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

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

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

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

The effects of the above departure from IPSAS are material and pervasive to the inflation adjusted financial statements.

(iii) Disclosure associated with Burroughs House property (non-compliance with IPSAS 13 – Leases)

Included in the Audit Office's non-current assets, is Burroughs House, valued at inflation adjusted amounts ZWL\$ 23 389 637 635 (2021: ZWL\$ 23 963 616 473) which constitutes 87% of total assets. In 2006 the Government of Zimbabwe, on behalf of the Audit Office purchased Burrough House, situated at 48 George Silundika Avenue in Harare. The title of the property was not transferred to the Audit Office and instead, the Audit Office continued as a tenant of the Government of Zimbabwe under a free-lease arrangement with all major repairs and

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

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

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

Management elected to revalue Burroughs House by using USD denominated inputs. The revaluation exercise was carried out on 12 October 2023 at which point the USD denominated inputs were obtained from the market and discounted to 31 December 2022 with the assumption that the USD prices did not suffer volatility. The determined values were translated to ZWL using the closing USD/ZWL interbank exchange rate as at October 12, 2023.

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

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

(iv) Assessment of expected credit losses at the reporting date (non-compliance with IPSAS 41 - Financial Instruments)

International Public Sector Accounting Standard 41 requires an entity to assess at the end of the reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. Included in trade and other receivables are net trade receivables of ZWL 308 412 562 (2021: ZWL 321 458 229) with no re-assessment of the appropriateness of the judgments used in estimating the allowance for expected credit losses (ECL) as required by IPSAS 41. Although management assessed the ECL, there was no documentation available to support their methods, assumptions and judgments. As such I was unable to obtain sufficient appropriate evidence to support the appropriateness of the determined estimated credit losses.

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

Economies has been correctly/appropriately applied from April 1, 2019, it is noted that its application was based on prior and current periods' financial information which has been misstated as a result of matters described above. Had the correct base numbers and start date been used, the amounts specified above as per the inflation adjusted financial statements would have been materially different. Consequently, the monetary loss of ZWL 731 116 847 (2021: ZWL 220 127 739) on the inflation adjusted statement of income and expenditure is impacted.

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

I conducted my audit in accordance with International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Inflation adjusted financial statements section of report. I am independent of the Audit Office in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (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, 2022. 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 24 in the financial statements relating to the going concern of the Audit Office, indicating that the Audit Office incurred an inflation adjusted deficit of ZWL 1 238 420 706 (2021: surplus of ZWL 876 037 504). However, as at that date the current assets exceeded its current liabilities by ZWL 506 428 281. Management believes the Audit Office will continue to operate for the foreseeable future and has been realizing inflation adjusted profits in previous years. As stated in note 24 these events or conditions indicate that a material uncertainty exists

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 4 – Effects of Changes in Foreign Exchange Rates. I have concluded that the other information is materially misstated for the same reason with respect to the amounts or other items included therein and affected by the failure to comply with the referred standard.

Responsibilities of the 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.

- 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], the Public Finance Management Act [Chapter 22:19] and relevant Treasury Instruments with regards to the requirement to comply with the International Public Sector Accounting Standards.

Signed by:



Mr. 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

Current assets	14				
Cash and cash equivalents		213,279,187	347,848,080	213,279,187	101,189,273
Receivables from exchange transactions	15	308,412,562	321,458,229	308,412,562	94,094,415
Inventory	17	19,220,720	10,560,199	19,220,720	3,071,970
Total current assets		540,912,469	679,866,508	540,912,469	198,355,658
Non-current assets					
Property, plant and equipment	18	26,391,239,900	28,046,764,137	2,988,391,426	4,023,084,412
Total non-current Assets		26,391,239,900	28,046,764,137	2,988,391,426	4,023,084,412
TOTAL ASSETS		26,932,152,369	28,726,630,645	3,529,303,895	4,221,440,070
LIABILITIES					
Non-current liabilities					
Payables under non-exchange transactions	20	23,389,637,635	23,963,616,473	281,508,512	288,416,696
Total non-current liabilities		23,389,637,635	23,963,616,473	281,508,512	288,416,696
Current liabilities					
Payables under exchange transactions	21	34,484,188	16,562,920	34,484,188	4,818,166
Total current liabilities		34,484,188	16,562,920	34,484,188	4,818,166
Total liabilities		23,424,121,823	23,980,179,393	315,992,700	293,234,862
Net of Total assets and total liabilities		3,508,030,546	4,746,451,252	3,213,311,195	3,928,205,208
Net Assets					
NET ASSETS / EQUITY					
Accumulated fund		(67,372,167)	1,171,048,539	(410,197,691)	304,696,322
Revaluation reserve		3,575,402,713	3,575,402,713	3,623,508,886	3,623,508,886
TOTAL NET ASSETS / EQUITY		3,508,030,546	4,746,451,252	3,213,311,195	3,928,205,208

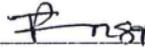
* The inflation adjusted results are the primary financial results. However, the historical cost results are included as supplementary information to meet other user requirements.

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

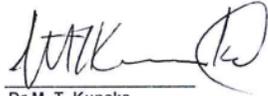
Feb 26, 2024
Date


L. Mpofu (Mf) R.P.Acc(Z)
Acting Director Finance

27-02-2024
Date


R. Kujinga (Ms)
Acting Auditor General

29/02/2024
Date


Dr M. T. Kunaka
Acting Board Chairperson

Income					
Revenue					
Revenue from non-exchange transactions	21.1	3,138,442,888	2,859,428,541	1,730,508,327	530,967,106
Revenue from exchange transactions	21.2	696,519,305	727,785,877	468,137,104	166,882,991
Total revenue		3,834,962,193	3,587,214,418	2,198,645,431	697,850,097
Expenditure					
Administration costs	22	3,194,023,028	1,401,861,127	2,154,692,361	203,415,170
Employment costs	23	1,187,578,496	1,094,983,259	798,182,555	251,082,203
Total expenditure		4,381,601,524	2,496,844,386	2,952,874,916	454,497,373
(Deficit) / Surplus before monetary loss		(546,639,331)	1,090,370,032	(754,229,485)	243,352,724
Monetary loss		(731,116,847)	(220,127,739)	-	-
(Deficit) / Surplus before exchange gains		(1,277,756,178)	870,242,293	(754,229,485)	243,352,724
Net exchange gain on foreign currency translation		39,335,472	5,795,211	39,335,472	4,568,029
(Deficit) / Surplus for the year		(1,238,420,706)	876,037,504	(714,894,013)	247,920,753

* 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.

	ZWL	ZWL	ZWL
Net assets as at January 01, 2021	-	295,011,035	295,011,035
Changes in net assets			
Surplus for the year	-	876,037,504	876,037,504
Gain on asset valuation	3,575,402,713	-	3,575,402,713
Net assets as at December 31, 2021	3,575,402,713	1,171,048,539	4,746,451,252
Net assets as at January 1, 2022	3,575,402,713	1,171,048,539	4,746,451,252
Changes in net assets			
Deficit for the year	-	(1,238,420,706)	(1,238,420,706)
Net assets as at December 31, 2022	3,575,402,713	(67,372,167)	3,508,030,546

			<i>Net Assets</i>
	Revaluation reserve	Accumulated fund	Total
	ZWL	ZWL	ZWL
Historical cost			
Net assets as at January 01, 2021	-	56,775,569	56,775,569
Changes in net assets			
Surplus for the year	-	247,920,753	247,920,753
Gain on asset valuation	3,623,508,886	-	3,623,508,886
Net assets as at December 31, 2021	3,623,508,886	304,696,322	3,928,205,208
Net assets as at January 31, 2022	3,623,508,886	304,696,322	3,928,205,208
Changes in net assets			
Deficit for the year	-	(714,894,013)	(714,894,013)
Net assets as at December 31, 2022	3,623,508,886	(410,197,691)	3,213,311,195

* 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.

(Deficit) / Surplus for the year		(1,277,756,178)	870,242,293	(754,229,485)	243,352,724
Adjustments for non-cash items:					
Depreciation	17	1,718,901,158	595,228,474	1,077,289,204	18,452,430
Allowance for expected credit losses		193,842	9,447,798	7,475,238	2,166,402
Revenue from non-exchange transactions		(573,978,838)	(573,978,838)	(6,908,184)	(6,908,184)
Net exchange gain foreign currency translation		39,335,472	5,795,211	39,335,472	4,568,029
Net cash (outflow)/ inflows after adjustments		(93,304,544)	906,734,938	362,962,245	261,631,401
Working capital changes					
Decrease / (Increase) in receivables		12,851,825	(149,902,317)	(221,793,385)	(63,502,941)
(Increase) / Decrease in inventory		(8,660,521)	4,249,638	(16,148,750)	(391,700)
Increase in payables		17,921,268	(6,674,823)	29,666,022	779,334
Net cash inflow/(outflows) from working capital changes		22,112,572	(152,327,502)	(208,276,113)	(63,115,307)
Cash (outflows)/inflows from operating activities		(71,191,972)	754,407,436	154,686,132	198,516,094
Cash flows from investing activities					
Purchase of property and equipment	17	(63,376,921)	(491,494,615)	(42,596,218)	(112,700,856)
Disposal of property and equipment	17	-	52,442	-	12,025
Net cash (outflows)/inflows from investing activities		(63,376,921)	(491,442,173)	(42,596,218)	(112,688,831)
(Decrease) / Increase in cash and cash equivalents during the year		(134,568,893)	262,965,263	112,089,914	85,827,263
Movement of cash and cash equivalents					
Cash and cash equivalents at beginning of year		347,848,080	84,882,817	101,189,273	15,362,010
(Decrease) / Increase in cash and cash equivalents		(134,568,893)	262,965,263	112,089,914	85,827,263
Cash and cash equivalents at end of year	14	213,279,187	347,848,080	213,279,187	101,189,273

* 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.

A. Revenue				
Revenue from non-exchange transactions				
Government appropriation	976,223,598	2,730,414,000	(1,754,190,402)	-64
Burroughs House	6,908,184	-	6,908,184	100
! Government appropriation for employment costs	747,376,545	283,685,000	463,691,545	163
	1,730,508,327	3,014,099,000	(1,283,590,673)	199
Revenue from exchange transactions				
Rendering of services	461,461,774	-	461,461,774	100
Other income	6,675,330	-	6,675,330	100
	468,137,104	-	468,137,104	-100
Total revenue	2,198,645,431	3,014,099,000	(815,453,569)	-27
B. Employment costs	798,182,555	283,685,000	(514,497,555)	-181
C. Administration costs				
1 Communication and information	132,345,656	268,506,000	136,160,344	51
2 Educational material	1,486,563	6,377,000	4,890,437	77
3 Hospitality	64,793,090	595,000	(64,198,090)	-10,790
4 Medical expenses	40,000	1,702,000	1,662,000	98
5 Office suppliers and services	44,237,807	141,823,000	97,585,193	69
6 Rental and hire services	-	90,188,000	90,188,000	100
7 Training and development	86,190,881	123,559,000	37,368,119	30
8 Travel expenses - domestic	382,054,410	292,755,000	(89,299,410)	-31
9 Travel expenses - foreign	36,012,700	50,363,000	14,350,300	28
10 Utilities and other	35,893,906	18,297,000	(17,596,906)	-96
11 Financial transactions	50,310,117	19,196,000	(31,114,117)	-162
12 Institutional provisions	59,513,693	128,396,000	68,882,307	54
13 Repairs and maintenance	83,095,335	119,533,000	36,437,665	30
14 Fumigation and cleaning	8,302,673	7,065,000	(1,237,673)	-18
15 Fuel, oils and lubricants	79,848,906	26,919,000	(52,929,906)	-197
16 Foreign subscriptions	5,802,182	1,740,000	(4,062,182)	-233
17 Other items not listed above	-	2,986,000	2,986,000	100
18 Total administration costs	1,069,927,919	1,300,000,000	230,072,081	18
Total recurrent expenditure excluding depreciation	1,868,110,474	1,583,685,000	(284,425,474)	-18
20 Depreciation to non-financial assets	1,077,289,204	-	1,077,289,204	-
21 Additions to non-financial assets	42,596,218	1,150,000,000	(1,107,403,782)	-96
22 Disposals of non-financial assets	-	-	-	-
23 Capital grant: Staff Loan Revolving Fund	200,000,000	200,000,000	-	-
24 Net Capital Expenditure underfunding	1,319,885,422	1,350,000,000	(30,114,578)	-2

* 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.

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 relates to audit fees charged to Local Authorities and Parastatals

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" will be January 1, 2022 to year ending December 31, 2024. The financial statements have been prepared on an accrual basis but adopted partial compliance with some of the International Public Sector Accounting Standards ('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.

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, 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.

2.3 Basis of measurement

The Office's functional and presentation currency is the Zimbabwe Dollar (ZWL) for the financial year ended December 31, 2022. Historical cost comparative financial information as at, and for the year ended December 31, 2021 was accounted in ZWL (Zimbabwe Dollar) and adjusted to comply with the requirements of IPSAS 10.

2.4 Going concern

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

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

2.5 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:

Average		
CPI average for 2022	9198.69	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, 2021 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 the December 31, 2021 to December 31, 2022.
- b. Non- monetary assets and liabilities that were not carried at amounts current at December 31, 2021 and components of equity are inflation adjusted by applying the change in the index from the December 31, 2021 to December 31, 2022.
- c. Profit or loss items/transactions, except the depreciation charges, are inflation adjusted by applying the change in the index from December 31, 2022. 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 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 at December 31, 2022 and components of equity are inflation adjusted by applying the change in the index from the December 31, 2021 to December 31, 2022.
- (iii) Profit or loss items/transactions, except the depreciation charges, are inflation adjusted by applying the change in the index from the December 31, 2022. Depreciation amounts are based on inflation adjusted carrying amounts.
- (vi) 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.
- (vii) All items in the statement of cash flows are expressed in terms of the measuring unit current at the statement of financial position date.

3 Statement of Compliance with legal and regulatory requirements

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

4 Critical accounting estimates and judgments

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

In the prior year, the organization made a management revaluation of assets as at 31 December 2021. Management used the United States dollar market prices which were observable in an active market which represented recent market transactions on an arm's length term as a base to restate assets to gross carrying amount. These prices were then translated into local currency based on the interbank rate which at close of period was US\$1: ZWL\$108.67. The asset's useful lives were estimated having considered whether the asset will still be in use or in a position to increase the economic benefits to the organization. Where an asset was revalued, all classes were also revalued. Taking into consideration past experience, technology changes and the local operating environment, no residual values were estimated. The new useful lives are set out in note 5.5.2. Changes and adjustments for depreciation were also done with the effect of revaluation increases recognized in the statement of changes in net assets.

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

The organisation assesses useful lives and residual values of property, plant and equipment each year taking into consideration past experience, technology changes and the local operating environment. The useful lives are set out in note 6.5.2 and no changes to those useful lives have been considered necessary during the year. Residual values will be reassessed each year and adjustments for depreciation will be done in future periods if there is any indication of impairment in value.

4.3 Fair value estimation

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

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 judgement in the process of applying the organisation's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the periods the assumptions are made. Management believes that the underlying assumptions are appropriate. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimate are significant to the financial statements are disclosed in note 4 to the financial statements.

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 organisation operates (the functional currency). The financial statements are presented in the Zimbabwean dollar (ZWL) which is the organisation's functional and presentation currency.

5.1.2 Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange rates and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of financial performance.

5.1.3 Exchange rate

The organisation entered into foreign currency transactions throughout the year. Transactions in foreign currencies are initially recorded by the organisation 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 organisation 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 which was promulgated under the National Social Security Act. The organisation's obligations under the scheme are limited to specific contributions as legislated from time to time.

5.3 Termination benefits

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

5.4 Retirement benefit costs

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

Retirement benefits are provided for the organisation's employees through an independently administered defined contribution fund and the Zimbabwe government's National Social Security Authority (NSSA). With the organisation's independent fund, contributions are charged to statement of financial performance so as to spread the cost of pension over the employee's working life within the organisation. 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

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

	Years
Motor vehicles	5
Office equipment	10
Computer equipment	3
Furniture and fixtures	10

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

The Building ("Burroughs House") is the property of Government bought on September 1, 2006 and became managed by Ministry of Public Works and Local Government. 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 recognised in the financial statements (refer to note 19) and the building was recognised as part of property and equipment in accordance with IPSAS 17. The building is measured at cost, less accumulated depreciation and amortisation.

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

5.6 Inventory

Inventory is stated at the lower of cost or net realisable 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 organisation makes advance payments in respect of some key goods and services associated with its overall operations. The prepayments are initially recognised as assets in the statement of financial position and subsequently expensed to the statement of financial performance or capitalised to other assets on delivery.

5.8 Provisions

Provisions are recognised 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 recognised 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 organisation classifies its financial assets based on amortised cost model because its objective is to collect all contractual cash flows in the foreseeable future.

(b) Recognition

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

(c) Derecognition

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

(d) Offsetting financial instruments

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

(e) Impairment of financial assets

Allowances for credit losses

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

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

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

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

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

- Financial Instruments that have 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 organisation and use a 2% risk rate.

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

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

- 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 cashflows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:
 - (i) Adverse changes in the payment status of borrowers in the portfolio; and
 - (ii) National or local economic conditions that correlate with defaults on the assets in the portfolio.

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

7 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances with banks and investments in money market instruments as on Note 14

Cash and cash equivalents only include items held for the purpose of meeting short-term cash commitments. Cash and cash equivalents have a maturity of less than three months and are carried at cost which due to their short term nature, 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 recognised 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 recognised 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 recognised 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 recognised 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 is recognised 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; (a)-the amount of revenue can be measured reliably, (b)-it is probable that the economic benefits or service potential associated with the transaction will flow to the entity, and the stage of completion of the transaction at the reporting date can be measured reliably.

8.2.2 Measurement

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

8.2.2.1 (a) Rendering of services

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

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

Revenue is recognised 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 organisation recognises 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.

10 Related parties

Key management Personnel

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

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

	Directors	Deputy Auditor-Generals	Auditor-General	Total
-Number of persons	10 people	4 people	1 person	15 people
	ZWL\$	ZWL\$	ZWL\$	ZWL\$
-Aggregate remuneration	38,400,000	12,480,000	9,079,200	59,959,200

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

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

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

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

(a) Foreign exchange risk

The organisation 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.

	Inflation Adjusted		Historical Cost	
	2022 ZWL	2021 ZWL	2022 ZWL	2021 ZWL
Receivables	308,412,562	321,458,229	308,412,562	94,094,415
Total receivables	308,412,562	321,458,229	308,412,562	94,094,415

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

Analysis by credit quality of financial assets is as follows:

Neither past due nor impaired				
-Cash and cash equivalents	213,279,187	347,848,080	213,279,187	101,189,273
Past due and not impaired				
-Receivables	308,412,562	321,458,229	308,412,562	94,094,415
Past due and impaired				
-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. The organisation manages liquidity risk by continuously monitoring forecast and actual cash flows. Liquidity risk is the risk that the organisation 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 organisation 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 minimise the gaps.

	On demand less than one month ZWL	From 1 to 6 months ZWL	Over six months ZWL	Total ZWL
At December 31, 2022				
Assets				
Inflation adjusted: 2022				
Trade and other receivables (excluding prepayments)	87,094,558	37,844,068	177,896,028	302,834,654
Cash and cash equivalents	213,279,187	-	-	213,279,187
Total	300,373,745	37,844,068	177,896,028	516,113,841
Liabilities				
Inflation adjusted: 2022				
Payables	34,484,188	-	-	34,484,188
Total	34,484,188	-	-	34,484,188
Liquidity gap-favourable	265,889,557	37,844,068	177,896,028	481,629,653

13 Capital risk management

Assets as per statement of financial position

	Inflation Adjusted		Historical Cost	
	2022	2021	2022	2021
	ZWL	ZWL	ZWL	ZWL
Inventory	19,220,720	10,560,199	19,220,720	3,071,970
Trade and other receivables	308,412,562	321,458,229	308,412,562	94,094,415
Cash and cash equivalents	213,279,187	347,848,080	213,279,187	101,189,273
Total	540,912,469	679,866,508	540,912,469	198,355,658

Liabilities as per statement of financial position

Other financial liabilities at amortised cost	34,484,188	16,562,920	34,484,188	4,818,166
Total	34,484,188	16,562,920	34,484,188	4,818,166

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.

14 Cash and cash equivalents

Cash at bank	213,279,187	293,160,118	213,279,187	85,280,503
Short term investments	-	54,687,962	-	15,908,770
Total cash and cash equivalents	213,279,187	347,848,080	213,279,187	101,189,273

15 Receivables from exchange transactions

Trade receivables	193,963,481	290,645,535	193,963,481	84,549,009
Allowance for credit losses	(9,641,640)	(9,447,798)	(9,641,640)	(2,166,402)
Net trade receivables	184,321,841	281,197,737	184,321,841	82,382,607
Other receivables	124,090,721	40,260,492	124,090,721	11,711,808
Total receivables	308,412,562	321,458,229	308,412,562	94,094,415

Stage 1				
Expected loss rate	2%	2%	2%	2%
Carrying amount	231 907 374	268 777 356	231 907 374	78 187 539
Loss allowance	4 638 147	5 375 547	4 638 147	1 563 751
Capitalised over one month	4,638,147	5,375,547	4,638,147	130,313
Stage 2				
Expected loss rate	4%	4%	4%	4%
Carrying amount	70 927 281	583 701	70 927 281	169 799
Loss allowance	2 837 091	23 348	2 837 091	6 792
Capitalised over one month	2 837 091	23,348	2,837,091	566
Total credit losses	7 475 238	5 398 895	7 475 238	130 879
17 Inventory				
Consumables	19,220,720	10,560,199	19,220,720	3,071,970
Total inventory	19,220,720	10,560,199	19,220,720	3,071,970

	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL
At December 31, 2022						
Cost	736,480,917	1,556,408,363	122,854,826	2,735,490,503	25,111,574,149	30,262,808,758
Accumulated depreciation	(132,143,276)	(1,161,953,386)	(44,402,315)	(811,133,367)	(1,721,936,514)	(3,871,568,858)
Net book value	604,337,641	394,454,977	78,452,511	1,924,357,136	23,389,637,635	26,391,239,900
Year ended December 31, 2022						
Opening net book value	666,953,003	885,716,733	59,022,691	2,471,455,237	23,963,616,473	28,046,764,137
Additions	10,676,835	23,513,174	29,186,912	-	-	63,376,921
Depreciation charge for the year	(73,292,197)	(514,774,930)	(9,757,092)	(547,098,101)	(573,978,838)	(1,718,901,158)
Closing net book value	604,337,641	394,454,977	78,452,511	1,924,357,136	23,389,637,635	26,391,239,900
At December 31, 2021						
Cost	725,804,082	1,532,895,189	93,667,914	2,735,490,503	25,111,574,149	30,199,431,837
Accumulated depreciation	(58,851,079)	(647,178,456)	(34,645,223)	(264,035,266)	(1,147,957,676)	(2,152,667,700)
Net book value	666,953,003	885,716,733	59,022,691	2,471,455,237	23,963,616,473	28,046,764,137
Year ended December 31, 2021						
Opening net book value	7,768,028	3,954,277	4,768,146	21,061,963	24,537,595,311	24,575,147,725
Additions	60,266,956	7,614,498	-	423,613,161	-	491,494,615
Disposals	-	-	-	(52,442)	-	(52,442)
Depreciation charge for the year	(2,156,992)	(5,036,039)	(777,888)	(13,278,717)	(573,978,838)	(595,228,474)
Revaluation surplus	652,733,143	1,511,278,605	85,889,035	2,276,343,832	-	4,526,244,615
Revalued accumulated depreciation	(51,658,132)	(632,094,608)	(30,856,602)	(236,232,560)	-	(950,841,902)
Closing net book value	666,953,003	885,716,733	59,022,691	2,471,455,237	23,963,616,473	28,046,764,137

19.1 Inflation adjusted

	2022 ZWL	2021 ZWL
Opening carrying amount of lease liability	23,963,616,473	24,537,595,311
Charge to revenue	(573,978,838)	(573,978,838)
Closing carrying amount	23,389,637,635	23,963,616,473

19.2 Historical cost

	2022 ZWL	2021 ZWL
Opening carrying amount of lease liability	288,416,696	295,324,880
Charge to revenue	(6,908,184)	(6,908,184)
Closing carrying amount	281,508,512	288,416,696

	ZWL	ZWL	ZWL	ZWL
Trade payables	31,286,980	16,562,920	31,286,980	4,818,166
Audit fees provision	3,197,208	-	3,197,208	-
Total payables	34,484,188	16,562,920	34,484,188	4,818,166
20.1 Audit fees provision				
Audit fees provision				
At the beginning of the year	-	2,545,666	-	294,000
Provision for the year	3,197,208	-	3,197,208	-
Paid during the year	-	(2,545,666)	-	(294,000)
At the end of the year	3,197,208	-	3,197,208	-
21 Revenue				
21.1 Revenue from non - exchange transactions				
Government appropriated transfers for operations	1,452,477,439	1,168,439,541	976,223,598	267,925,899
Government appropriated salaries	1,111,986,611	1,112,294,157	747,376,545	255,051,632
Burroughs house	573,978,838	573,978,838	6,908,184	6,908,184
Other income-foreign donation	-	4,716,005	-	1,081,391
	3,138,442,888	2,859,428,541	1,730,508,327	530,967,106
21.2 Revenue from exchange transactions				
Rendering of services	686,587,394	720,255,513	461,461,774	165,156,261
Other income	9,931,911	7,530,364	6,675,330	1,726,730
	696,519,305	727,785,877	468,137,104	166,882,991
Total revenue	3,834,962,193	3,587,214,418	2,198,645,431	697,850,097
22 Administration costs				
Communication and information	196,910,912	93,502,978	132,345,656	21,440,450
Educational material	2,211,788	6,891,121	1,486,563	1,580,150
Hospitality	96,402,609	33,171,657	64,793,090	7,606,338
Medical expenses	59,514	22,241	40,000	5,100
Office suppliers and services	65,819,364	61,929,600	44,237,807	14,200,601
Rental and hire services	-	74,494,270	-	17,081,709
Training and development	128,239,382	28,807,319	86,190,881	6,605,585
Travel expenses - domestic	568,440,890	97,755,216	382,054,410	22,415,498
Travel expenses - foreign	53,581,613	5,054,397	36,012,700	1,158,985
Utilities and other	53,404,865	38,123,077	35,893,906	8,741,710
Bank charges	70,097,094	534,229	47,112,909	122,500
Audit fees	3,197,208	-	3,197,208	-
Consulting fees	-	17,160,084	-	3,934,847
Institutional provisions	59,513,693	190,906,301	59,513,693	43,775,258
Repairs and maintenance	83,095,335	90,551,826	83,095,335	20,763,744
Fumigation and cleaning	8,302,673	3,284,380	8,302,673	753,116
Fuel, oils and lubricants	79,848,906	39,317,875	79,848,906	9,015,680
Allowance for credit loss	193,842	9,447,798	7,475,238	2,166,402
Foreign subscriptions	5,802,182	4,350,431	5,802,182	997,564
Depreciation	1,718,901,158	595,228,474	1,077,289,204	18,452,430
Other items not listed above	-	11,327,853	-	2,597,503
Total administration costs	3,194,023,028	1,401,861,127	2,154,692,361	203,415,170

23 Employment costs				
Pensionable salaries	1,067,804,884	981,773,721	717,681,596	225,122,993
Bonus	106,904,354	96,630,609	71,851,411	22,157,623
Constitutional and statutory appropriation	12,869,258	16,578,929	8,649,548	3,801,587
Total employment costs	1,187,578,496	1,094,983,259	798,182,555	251,082,203

24 Going concern

The Audit Office incurred an inflation adjusted deficit of ZWL 1 238 420 706 (2021: surplus of ZWL 876 037 504). However, as at that date the current assets exceeded its current liabilities by ZWL 506 428 281 Management believes the Audit Office will continue to operate for the foreseeable future and has been realising inflation adjusted profits in previous years. It is on this basis that the Audit Office has prepared the inflation adjusted financial statements on a going concern basis.

The Audit Office is established through an Act of Parliament as such the going concern assessment has been extended for the 12-month period commencing from the date of approval of these consolidated financial statements for issue and incorporated all available information on the operating environment and future risks and uncertainties on which sensitivity analyses were also made. Based on this assessment, the Board believes that the Audit Office will be able to continue to provide audit services to government entities.

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

COVID-19 impact

The Coronavirus disease also referred to as the COVID-19 disease by the World Health Organization (WHO) was declared a global pandemic in the previous financial year. The virus' variant (Omicron variant) pandemic spread to Zimbabwe, the organisation's primary economic environment and mandate area in the prior year. The Coronavirus disease also referred to as the COVID-19 disease by the World Health Organization (WHO) was declared a global pandemic in the previous financial year. The virus's variant (Omicron variant) pandemic spread to Zimbabwe, the organisation's primary economic environment and mandate area in the prior year. In compliance with the COVID-19 health requirements, the organisation is continuing to incur expenditure towards mitigating the pandemic risks. The lockdown conditions had the impact of slowing down the organisation's ability to discharge its statutory obligations of auditing public entities in Zimbabwe with particular reference to the prior year ended December 31, 2021.

Having considered the probable impact of the COVID-19 variant pandemic on the Office of the Auditor General and all its key stakeholders, management concluded that the preparation of financials statements on the going concern basis was appropriate. All strategies put in place by the Office to manage the pandemic are premised on the understanding that the safety and health of people are a top priority.

25 Events after reporting date

The Auditor-General's term of office expired on March 31, 2023, and a new Auditor-General, in acting capacity, assumed position effective April 01, 2023. The Board was appointed on 24 April 2023 (previously appointed 29 June 2021) and this was gazetted by the Minister of Finance and Economic Development on 28 April 2023.

**AUDIT OFFICE
AUDITED APPROPRIATION ACCOUNT
FOR THE YEAR DECEMBER 31, 2022**

For the year ended December 31, 2022

The Audit Office Board is required in terms of applicable regulations to maintain adequate accounting records and is responsible for the content and integrity of the financial statement and related financial information included in this report. It is its responsibility to ensure that the financial statement fairly presents the current and capital expenditure incurred in the appropriated vote for the period then ended, in conformity with the Treasury Instructions and the Public Finance Management Act [Chapter 22:19].

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

The financial statement was prepared in accordance with Treasury Instructions and the Public Finance Management Act [Chapter 22:19] requirements and is based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

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

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

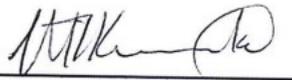
The Audit Office Board has reviewed the Audit Office's cash flow forecast for the year to December 31, 2023 and, in light of this review and the current financial position, they are satisfied that the Audit Office has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditor is responsible for independently auditing and reporting on the Audit Office's

R. Kujinga (Ms.)
Acting Auditor General

Signature

Date



M. T. Kunaka (Dr.)
Acting Board Chairperson

Signature

29/02/24

Date

INDEPENDENT AUDITOR'S REPORT

TO THE AUDIT OFFICE BOARD

IN RESPECT OF VOTE 6 - APPROPRIATION ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 2022.

Report on the Audit of the Financial Statement

Opinion

I have audited the financial statement of the Audit Office for the year ended December 31, 2022. This financial statement comprises the Appropriation Account and other supporting returns set out on page 7.

In my opinion, the accompanying financial statement presents fairly, in all material respects, the current and capital expenditure incurred for the appropriated vote for the period ending December 31, 2022, for the year then ended in accordance with Public Finance Management Act [Chapter 22:19] and Treasury Instructions.

Basis for Opinion

I conducted my audit in accordance with International Standards on Auditing (ISA), the Treasury Instructions and the Public Finance Management Act [Chapter 22:19]. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my 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 ethical requirements that are relevant to my audit of financial statements in Zimbabwe. I have fulfilled my ethical responsibilities in accordance with these requirements and IESBA Code. I believe that the audit evidence I obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the Audit Office Board for the Financial statements

The Audit Office Board is responsible for the preparation and fair presentation of the financial statement in accordance with the Treasury Instructions and the Public Finance Management Act [Chapter 22:19] requirements, and for such internal control as management determines is necessary to enable the preparation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Audit of the Financial statement

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

- Identify and assess the risks of material misstatement of the financial statement
- , 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's management.
- Conclude on the appropriateness of the Audit Office Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Audit Office's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my 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 financial statements, including the disclosures, and whether the 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 financial statement 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

financial statement for the year ended December 31, 2022 is Shepherd Nhondova.

On this 19 day of March, 2024 at Harare

Signed by:



Mr. 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

PROGRAMME 1: POLICY AND ADMINISTRATION, \$1 165 431 000							
EXPENSES							
Compensation of employees	54 100 000	118 497 000	172 597 000	117 778 565	-	54 818 435	The underspending was due to non-filling of posts.
Uses of goods and services	187 591 000	281 312 000	468 903 000	242 685 748	-	226 217 252	The underspending was as a result of non-release of funds by Treasury due to low revenue inflows.
Other expenses	1 740 000	500 000	2 240 000	379 493	-	1 860 507	The underspending was as a result of non-release of funds by Treasury due to low revenue inflows.
Acquisition of non-financial assets	722 000 000		722 000 000	3 500 000	-	718 500 000	The underspending was as a result of non-release of funds by Treasury due to low revenue inflows.
Acquisition of financial assets	200 000 000		200 000 000	200 000 000	-	-	
	ZWL 1,165,431,000	ZWL 400,309,000	ZWL 1,565,740,000	ZWL 564,343,806	—	ZWL 1,001,396,194	
PROGRAMME 2: AUDITING SERVICES, \$1 848 668 000							
EXPENSES							
Compensation of employees	309 999 000	241 124 000	551 123 000	628 559 203	77 436 203	-	The excess was due to increase in salaries.
Uses of goods and services	1 110 669 000	418 188 000	1 528 857 000	600 579 616	-	928 277 384	The underspending was as a result of non-release of funds by Treasury.
Acquisition of non-financial assets	428 000 000	300 000 000	728 000 000	71 105 656	-	656 894 344	The underspending was as a result of non-release of funds by Treasury.
	\$1 848 668 000	\$959 312 000	\$2 807 980 000	\$1 300 244 475	\$77 436 203	\$1 585 171 728	
TOTAL:	\$3 014 099 000	\$1 359 621 000	\$4 373 720 000	\$1 864 588 281	\$77 436 203	\$2 586 567 922	
Net Underspending.....						\$2 509 131 719	

Constitutional and statutory appropriation:

ITEM	Original Budget Estimates	Supplementary	Amended Estimates	Actual	More than	Less than	Explanation for Main Variances
	2022	Estimates	2022	Expenditure as at	Estimated	Estimated	
	2022	2022	2022	31/12/22	2022	2022	
	ZWL\$	ZWL\$	ZWL\$	ZWL\$	ZWL\$	ZWL\$	
Salary of the Auditor-General							
Section 3 of the Audit Office Act (Chapter 22:18)	3 652 000	5 627 000	9 279 000	8 229 767		1 049 233	The underspending was due to over provision made.
	3 652 000	5 627 000	9 279 000	8 229 767		1 049 233	

OFFICE OF THE AUDITOR-GENERAL

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