



REPUBLIC OF NAMIBIA



**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE
NATIONAL COUNCIL
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016**

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REPUBLIC OF NAMIBIA



TO THE HONOURABLE SPEAKER OF THE NATIONAL ASSEMBLY

I have the honour to submit herewith my report on the accounts of the National Council for the financial year ended 31 March 2016 in terms of Article 127(2) of the Namibian Constitution. The report is transmitted to the Honourable Minister of Finance in terms of Section 27(1) of the State Finance Act, 1991, (Act 31 of 1991) to be laid upon the Table of the National Council in terms of Section 27(4) of the Act.

WINDHOEK, April 2017

A handwritten signature in black ink, appearing to read "Junias Etuna Kandjeke".

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

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DEFINITIONS

Treasury:	Financial authority in public service. (The department of Government that has control over the collection, management and disbursement of public revenue).
Vote:	Represents an Office/Ministry/Agency.
Appropriation Act:	Estimate of expenditure and revenue for a particular financial year presented to the National Assembly, the Act passed by Parliament.
Appropriation Account:	Government Income and Expenditure statement, showing on receipt side the estimated budgeted amounts and on expenditure side the actual expenditure amounts and the difference thereof.
Standard sub-division:	Government Balance account, showing balances incurred on each account/activity.
Suspension:	Reduction on budget (Treasury may from time to time withhold or suspend any amount in an estimate of expenditure).
Virement:	Moving of budgeted funds from one account to another account within the same budget of the same office/ministry/agency. The utilization of a saving under one main division/sub division of a vote to defray an excess under another existing division of the same vote.
Unauthorised Expenditure:	Expenditure that exceeds the amount appropriated (budgeted) for a vote, main division or subdivision.
Underexpenditure:	Saving on the budget.
Miscellaneous Revenue:	All revenue collected and not having a specified revenue code.
Tender Board Exemptions:	To free from an obligation (Tender Board Regulations) to which others are subjected.
Commitments:	Funds reserved to acquire goods or services from a supplier.
Suspense accounts:	Is an account opened in the books of Government that records movement of transactions of a temporarily nature, for example salary deductions of housing instalments.
S&T Advance Suspense Account:	A suspense account reflecting the outstanding subsistence and travel advances.
Rejection Account:	A suspense account reflecting names and balances of all persons/companies that owe the money to the State.
Budget:	Is an estimation of the revenue and expenses over a specified future period of time.
Subsistence Advance:	Payment given in advance to an employee to reimburse accommodation, meal and incidental expenses, while on an official assignment.
Performance Information:	Measurement of an individual, group, organization, system or component which is collected, analysed and reported. (Includes Strategic plans, annual plans, performance agreements and personal development plans).

**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE
NATIONAL COUNCIL FOR THE
FINANCIAL YEAR ENDED 31 MARCH 2016**

1. REPORT ON THE FINANCIAL STATEMENTS

1.1 INTRODUCTION

This report on the accounts of the National Council for the financial year ended 31 March 2016 is presented to the National Assembly in accordance with the terms of Article 127(2) of the Constitution of the Republic of Namibia and provisions set out in the State Finance Act, 1991(Act 31 of 1991), as amended.

I have audited the accompanying financial statements of the National Council for the financial year ended 31 March 2016. These financial statements comprise the following statements submitted for the year then ended:

- Appropriation account;
- Standard subdivisions;
- Departmental revenue;
- Notes to the financial statements; and
- General information.

The appropriation account was submitted by the Accounting Officer to the Auditor-General in terms of Section 13 of the State Finance Act, 1991(Act 31 of 1991).

The financial statements, notes to the financial statements and general information provided by the Accounting Officer are attached as Annexure A.

1.2 MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Section 12 and 13 of the State Finance Act, 1991 (Act 31 of 1991) and relevant legislation, and for such internal control as management determines it necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

1.3 AUDITOR'S RESPONSIBILITY

My responsibility is to express an opinion on these financial statements based on the audit. I conducted the audit in accordance with International Standards for Supreme Audit Institutions (ISSAIs). These standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

Powers and duties

Section 25(1) (c) of the State Finance Act, 1991(Act 31 of 1991) provides that the Auditor-General should satisfy himself that:

- (a) All reasonable precautions have been taken to ensure that all monies due to the State are collected, and that the laws relating to the collection of such monies have been complied with;
- (b) All reasonable precautions have been taken to safeguard the receipt, custody and issue of and accounting for, the State's assets, such as stores, equipment, securities and movable goods; and

- (c) The expenditure has taken place under proper authority and is supported by adequate vouchers or other proof.

In addition, Section 26(1) (b)(iv) of the State Finance Act, 1991 (Act 31 of 1991), empowers the Auditor-General to investigate and report on the economy, efficiency and effectiveness of the use of the State's resources.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for the audit opinion.

1.4 KEY AUDIT FINDINGS

1.4.1 Unauthorized expenditure

The following unauthorised expenditure occurred during the financial year and is hereby reported as such in terms of Section 27(6)(a) of the State finance Act, Act 31 of 1991:

Although Treasury approvals were obtained to utilise certain expected savings for the defrayal of excess expenditure through virements during the year, three (3) operational subdivisions were exceeded by an amount totalling N\$ 556 917.77 which is unauthorised in terms of Section 6 (a)(iii) of the State Finance Act, 1991 (Act 31 of 1991).

It is recommended that the Accounting Officer should closely monitor and review the financial position of the National Council continuously and take appropriate action timeously to avoid unauthorised expenditure.

1.4.2 Underexpenditure

The total budget was underspent with an amount of N\$ 2 133 508.88 (2.29%).

It is recommended that the Accounting Officer should put measures in place to avoid underexpenditure and ensure that budgeted and planned activities are carried out timely.

1.5 ACKNOWLEDGEMENT

I would like to express my appreciation for the courtesy extended and assistance rendered by the staff of the National Council during the audit.

1.6 UNQUALIFIED AUDIT OPINION

I certify that I have audited the accompanying financial statements of the National Council for the financial year ended 31 March 2016 in accordance with the terms of Article 127(2) of the Namibian Constitution and Section 25(1) of the State Finance Act, 1991(Act 31 of 1991).

In my opinion, the financial statements present fairly, in all material respects the financial position of the National Council, as at 31 March 2016, and its financial performance and its receipts and payments for the year then ended in accordance with the State Finance Act, 1991 (Act 31 of 1991).

WINDHOEK, April 2017



**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

1. AUDITED FINANCIAL STATEMENTS

1.1 Appropriation account

2015/2016						2014/2015
Service	Authorized expenditure	Actual expenditure	Variations		Actual expenditure	
			Under-expenditure/ (Excess)	Percentage		
N\$	N\$	N\$	N\$	%	N\$	
01. Office of the Chairman:						
Original budget	12 683 000					
Plus: Virement	127 803					
Less: Suspension	(848 000)	11 962 803	10 973 665.53	989 137.47	8.27	11 842 908.23
02. Administration and Legislation:						
Original budget	133 589 000					
Plus: Virement	500 456					
Less: Suspension	(52 954 259)	81 135 197	79 990 825.59	1 144 371.41	1.41	78 941 190.86
Total	93 098 000	90 964 491.12	2 133 508.88	2.29	90 784 099.09	

1.2 Standard subdivisions

Subdivision	2015/2016			2014/2015
	Authorized expenditure	Actual expenditure	Variations	Actual expenditure
			Under-expenditure/ (Excess)	
N\$	N\$	N\$	N\$	
Operational:				
Current expenditure: Personnel				
001. Remuneration	39 623 197	39 910 735.05	(287 538.05)	32 377 067.43
002. Employer's contribution to the G.I.P.F.	5 478 000	5 404 539.82	73 460.18	4 226 097.31
003. Other conditions of service	1 225 803	1 225 083.24	719.76	204 190.81
004. Improvement of remuneration structure	3 302 000	3 302 000.00	-	-
005. Employers contribution to the social security commission	83 000	81 902.67	1 097.33	-
Total	49 712 000	49 924 260.78	(212 260.78)	36 807 355.55
Current expenditure: Goods and other services				
021. Travel and subsistence expenses	13 323 249	13 279 927.21	43 321.79	16 193 954.49
022. Materials and supplies	358 000	348 541.76	9 458.24	351 197.02
023. Transport	1 646 000	1 142 395.31	503 604.69	5 533 534.10
024. Utilities	2 723 000	2 065 037.85	657 962.15	2 563 191.71
025. Maintenance	1 690 000	1 380 366.59	309 633.41	2 545 181.50
027. Other services and expenses	3 335 000	2 893 007.55	441 992.45	3 045 728.05
Total	23 075 249	21 109 276.27	1 965 972.73	30 232 786.87
Subsidies and other current transfers				
041. Membership fees and subscription: International	741 008	736 308.71	4 699.29	384 991.15
042. Membership fees and subscription: Domestic	9 000	3 513.65	5 486.35	3 320.43
043. Government organizations	12 588 000	12 587 999.98	0.02	10 441 212.02
Total	13 338 008	13 327 822.34	10 185.66	10 829 523.60
Total: Current expenditure	86 125 257	84 361 359.39	1 763 897.61	77 869 666.02
Capital expenditure: Acquisition of assets				
101. Furniture and office equipment	662 000	292 389.67	369 610.33	895 365.70
102. Vehicles	-	-	-	2 159 022.66
Total: Capital expenditure	662 000	292 389.67	369 610.33	3 054 388.36
Total: Operational expenditure	86 787 257	84 653 749.06	2 133 507.94	80 924 054.38
Development:				
Capital expenditure: Acquisition of assets				
107. Construction, renovation and improvement	6 310 743	6 310 742.06	0.94	9 860 044.71
Total: Development expenditure	6 310 743	6 310 742.06	0.94	9 860 044.71
GRAND TOTAL	93 098 000	90 964 491.12	2 133 508.88	90 784 099.09

1.3 Departmental revenue

Revenue for the year is as follows:

Revenue Head	2015/2016			2014/2015
	Estimate	Actual revenue	More/(Less) than estimated	Actual revenue
	N\$	N\$	N\$	N\$
Private telephone calls	500	-	(500.00)	143.05
Miscellaneous	50 000	15 695.10	(34 304.90)	29 496.50
Total	50 500	15 695.10	(34 804.90)	29 639.55

1.4 Notes to the financial statements

1.4.1 Appropriation account: Explanations of variations exceeding 2% between authorised and actual expenditure.

Underexpenditure

Main Division 01: Office of the Chairman (N\$ 989 137.47 – 8.27%)

The Office of the Chairman realized an underexpenditure as a result of the following:

- (i) The Office of the Chairperson realized an underexpenditure as a result of positions which were vacant after elections and were filled only in February and March 2016.
- (ii) The underexpenditure in Transport subdivision occurred as a result of the manual journal regarding kilometer claims which was processed on 17 February 2016 but was reversed by the Ministry of Finance in May 2016 (2016/2017 financial year) during the reconciliation period.
- (iii) The underexpenditure on Utilities subdivision occurred due to control measures put in place to cut cost on water and electricity and a rejected payment of N\$ 84 000 for MTC.
- (iv) The underexpenditure on Maintenance subdivision occurred as a result of less cost for repair of office furniture and equipment than estimated.
- (v) The underexpenditure on Other services and expenses subdivision occurred as a result of the campaign for the Regional Elections hence the Office of the Chairperson and Vice-Chairperson spend less on activities related to training and hosting of foreign delegations as was originally planned.
- (vi) The underexpenditure on Furniture and office equipment sub-division occurred as a result of reversed payment regarding office equipment. The transaction to the amount of N\$ 58 000 was processed on 30 March 2016 but the payment was reversed by the Ministry of Finance in April 2016 (2016/2017 financial year).

2. GENERAL INFORMATION

2.1 Bank Accounts

During the financial year under review, National Council kept and operated the following bank account:

Name of account	Banking institution	Balance at 31/03/2016
Parliament National Council (CPA)	Nedbank	N\$ 86 179.46

2.2 Deviation from normal Tender procedures

The Tender Board approved deviations from normal Tender procedures for acquiring goods and services comprising of the following:

Exemption number	Description	Approved exemption	Actual expenditure	Difference
E1/26-01/2015	021 - Travel and subsistence allowance	N\$ 21 758 000	N\$ 13 279 927.21	N\$ 8 478 072.79
	022 - Materials and supplies	358 000	348 541.76	9 458.24
	023 - Transport	6 045 000	1 142 395.31	4 902 604.69
	024 - Utilities	2 723 000	2 065 037.85	657 962.15
	025 - Maintainance expenses	2 240 000	1 380 366.59	859 633.41
	027 - Other services and expenses	5 217 000	2 893 007.55	2 323 992.45
	041 - Membership fees and subscriptions: international	796 000	736 308.71	59 691.29
	043 - Government organizations	12 588 000	12 587 999.98	0.02
	Total	51 725 000	34 433 584.96	17 291 415.04

2.3 Capital projects

The following is the development project of the National Council as reflected in the General Ledger and the development budget:

Name of the Project	Approved total budget	Total expenditure as at 31/03/2015	Approved appropriation 2015/2016	Actual expenditure 2015/2016	Total expenditure as at 31/03/2016	Expected year of completion
Extension of Existing National Council building	N\$ 296 013 000	N\$ 10 058 278.20	N\$ 6 310 743	N\$ 6 310 742.06	N\$ 16 369 020.26	31/03/2018
Total	296 013 000	10 058 278.20	6 310 743	6 310 742.06	16 369 020.26	

2.4 Wellness

The Accounting Officer reported expenditure amounting to N \$ 81 186.10 in respect of Wellness activities.

2.5 Suspense accounts

The final ledger shows four (4) suspense accounts with balances at the end of the financial year of which one (1) had a debit balance and three (3) with credit balances as follows:

Suspense accounts	Balance as at 31 March 2016 Debit/(Credit)
	N\$
S&T advance suspense account	(95 651.38))
Rejection account	(53 739.49)
Bills payable	(173 210.36)
Electronic Fund Transfer Clearing Account (EFT)	87 760.00

WINDHOEK, 2016-10-20

EMILIA MKUSA
SECRETARY: NATIONAL COUNCIL