

REPUBLIC OF NAMIBIA



TO THE HONOURABLE SPEAKER OF THE NATIONAL ASSEMBLY

I have the honour to submit herewith my special report on the non-submission of financial statements by some Local Authorities, Regional Councils, Statutory Bodies and Funds up to the financial year ended 2023 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 Assembly in terms of Section 27(4) of the Act.

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

JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL

WINDHOEK, July 2024

**SPECIAL REPORT OF THE AUDITOR-GENERAL
ON THE NON-SUBMISSION OF FINANCIAL STATEMENTS BY SOME
LOCAL AUTHORITIES, REGIONAL COUNCILS, STATUTORY BODIES AND FUNDS
UP TO THE 2023 FINANCIAL YEAR**

1. INTRODUCTION

The Auditor-General may publish special reports in terms of Section 27(3) of the State Finance Act, 1991, where it is deemed to be in the interest of the Government and Public.

2. BACKGROUND

Sections 87(1) and (2) of the Local Authorities Act, 1992 (Act 23 of 1992 as amended) stipulate the following:

“87. (1) The Accounting Officer of a local authority Council shall within three (3) months or such longer period as the Auditor-General may approve, after the end of a financial year of the Local Authority Council make out financial statements in such form as may be determined by the Auditor-General in respect of that financial year and submit such financial statements to the Auditor-General.

(2) The financial statements referred to in subsection (1) shall consist of –

- (a) a balance sheet showing the assets and liabilities of the local authority at the end of that financial year;*
- (b) a statement of income and expenditure of the local authority council for that financial year; and*
- (c) such other statements as may from time to time be required by the Auditor-General.”*

Sections 40(1) and (2) of the Regional Councils Act, 1992 (Act 22 of 1992) as amended stipulate the following:

“40. (1) The Accounting Officer of a Regional Council shall within three (3) months or such longer period as the Auditor-General may approve, after the end of a financial year of the Regional Council make out financial statements in such form as may be determined by the Auditor-General in respect of that financial year and submit such financial statements to the Auditor-General.

(2) The financial statements referred to in subsection (1) shall consist of –

- (a) a balance sheet showing the assets and liabilities of the Regional Council at the end of that financial year;*
- (b) a statement of income and expenditure of the Regional Council for that financial year; and*
- (c) such other statements as may from time to time be required by the Auditor-General.”*

Furthermore, Sections 27(1) and (2) of the State Finance Act, 1991 (Act 31 of 1991) as amended, stipulate that:

“27.(1) As soon as practicable after the end of a financial year, but not later than the end of the following financial year, the Auditor-General shall transmit to the Minister the accounts together with his or her certificate and a report signed by him or her in connection with any investigation, examination and auditing carried out by him or her in terms of this Act or any other law and shall, in the case of a statutory institution, at the same time transmit a copy of his or her report to the executive authority of the statutory institution concerned.

(2) Notwithstanding the provision of subsection (1), the Auditor-General may, in the case of municipalities and village management boards, submit, instead of individual reports, a summarized report in respect of all municipalities and village management boards.”

3. MUNICIPALITIES, TOWN COUNCILS AND VILLAGE COUNCILS

A significant improvement has been noted since the previous report, but the following Local Authorities still do not comply with the stipulations of the Act, 1992 (Act 23 of 1992) by not submitting financial statements up to the 2022/2023 financial year:

MUNICIPALITIES	YEAR OUTSTANDING
Gobabis Municipality	2020/2021 2021/2022 2022/2023
Grootfontein Municipality	2020/2021 2021/2022 2022/2023
Keetmanshoop Municipality	2021/2022 2022/2023
Okahandja Municipality - <i>Extension 30 Nov 2023</i>	2022/2023
Omaruru Municipality	2022/2023
Tsumeb Municipality - <i>Extension 30 November 2023</i>	2022/2023
Outjo Municipality - <i>Extension Two weeks from the 28 Oct 2023</i>	2020/2021 2021/2022 2022/2023

TOWN COUNCILS	YEAR OUTSTANDING
Arandis Town Council	2021/2022 2022/2023
Aranos Town Council	2020/2021 2021/2022 2022/2023
Helao Nafidi Town Council	2020/2021 2021/2022 2022/2023
Karasburg Town Council	2020/2021 2021/2022 2022/2023
Karibib Town Council	2022/2023
Katima Mulilo Town Council	2020/2021 2021/2022 2022/2023
Khorixas Town Council	2021/2022 2022/2023
Luderitz Town Council	2021/2022 2022/2023
Okakarara Town Council	2022/2023
Omuthiya Town Council	2021/2022 2022/2023
Oniipa Town Council - <i>Extension 15 Dec 2023</i>	2022/2023
Outapi Town Council - <i>Extension 31 December 2023</i>	2022/2023
Opuwo Town Council - <i>Extension 31 December 2023</i>	2021/2022 2022/2023
Oshakati Town Council - <i>Extension 15 Dec 2023</i>	2022/2023
Oshikuku Town Council - <i>Extension 30 November 2023</i>	2021/2022 2022/2023

TOWN COUNCILS (CONTINUED)	YEAR OUTSTANDING
Oranjemund Town Council <i>-Extension 30 November 2023</i>	2022/2023
Otavi Town Council <i>-Extension granted until 30 November 2023</i>	2021/2022 2022/2023
Rehoboth Town Council <i>-Extension 30 June 2024</i>	2021/2022 2022/2023
Ruacana Town Council <i>-Extension 20 December 2023</i>	2021/2022 2022/2023
Rundu Town Council	2020/2021 2021/2022 2022/2023
Usakos Town Council	2021/2022 2022/2023

VILLAGE COUNCILS	YEAR OUTSTANDING
Aroab Village Council	2022/2023
Bethanie Village Council	2020/2021 2021/2022 2022/2023
Berseba Village Council	2021/2022 2022/2023
Bukalo Village Council	2013/2014 2014/2015 2015/2016 2016/2017 2017/2018 2018/2019 2019/2020 2020/2021 2021/2022 2022/2023
Divundu Village Council	2022/2023
Gibeon Village Council- <i>Requested extension for 2018/2019, 2019/2020, 2020/2021, 2021/2022, 2022/2023 financial years, no extension granted but Council advised to submit financials without further delay.</i>	2018/2019 2019/2020 2020/2021 2021/2022 2022/2023
Gochas Village Council	2020/2021 2021/2022 2022/2023
Leonardville Village Council	2022/2023
Kalkrand Village Council	2019/2020 2020/2021 2021/2022 2022/2023
Kamanjab Village Council	2021/2022 2022/2023
Maltahöhe Village Council - <i>Extension 31 October 2023</i>	2018/2019 2019/2020 2020/2021 2021/2022 2022/2023

VILLAGE COUNCILS (Continued)	YEAR OUTSTANDING
Otjinene Village Council	2016/2017 2017/2018 2018/2019 2019/2020 2020/2021 2021/2022 2022/2023
Stampriet Village Council	2018/2019 2019/2020 2020/2021 2021/2022 2022/2023
Tsandi Village Council	2022/2023
Tses Village Council	2020/2021 2021/2022 2022/2023
Witvlei Village Council – <i>requested extension for 2020/2021, 2021/2022 and 2022/2023 financial years, extension not granted but Council advised to submit financials without further delay.</i>	2020/2021 2021/2022 2022/2023

4. CONSULTANTS

As previously reported, many Local Authorities are dependent on Consultants to draw up their financial statements due to a lack of capacity. This is an expensive exercise which is hardly affordable for the majority of the Local Authorities. The Office of the Auditor-General obtained Treasury approval to exempt all Local Authorities from paying audit fees for a period of five years starting 1 April 2014 on the condition that Local Authorities utilize the savings towards capacity building with the aim that Local Authorities should be able to draw up their own financial statements by 31 March 2024. It is an ongoing concern of which none or little progress was made during the past financial years. As indicated in my previous reports, it is once again recommended that the line Ministry should develop a training program to train staff at Local Authorities in the drafting of financial statements.

5. REGIONAL COUNCILS

The following Regional Councils also do not comply with the stipulations of the Act, 1992 (Act 22 of 1992) by not submitting financial statements up to the 2022/2023 financial year:

REGIONAL COUNCILS	YEAR OUTSTANDING
Erongo Regional Council	2020/2021 2021/2022 2022/2023
Kavango East Regional Council	2019/2020 2020/2021 2021/2022 2022/2023
Kavango West Regional Council	2019/2020 2020/2021 2021/2022 2022/2023
Kharas Regional Council	2020/2021 2021/2022 2022/2023
Kunene Regional Council	2020/2021 2021/2022 2022/2023
Ohangwena Regional Council	2021/2022 2022/2023
Omaheke Regional Council - <i>Extensions granted 2021 & 2022 until 30 Nov 2023; 2023 until 28 Feb 2024</i>	2020/2021 2021/2022 2022/2023
Oshana Regional Council - <i>Extension 12 September 2023</i>	2022/2023
Otjozondjupa Regional Council - <i>Requested extension for 2020/2021, 2021/2022 and 2022/2023 financial years, extension not granted Council but advised to submit without further delays.</i>	2022/2023

6. STATUTORY BODIES AND FUNDS

The following Statutory Bodies are also breaching their respective Acts by not submitting financial statements up to the 2022/2023 financial year:

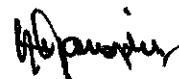
STATUTORY BODIES AND FUNDS	YEAR OUTSTANDING
Community Courts	2005-2006 2006-2007 2007-2008 2008-2009 2009-2010 2010-2011 2011-2012 2012-2013 2013-2014 2014-2015 2015-2016 2016/2017 2017/2018 2018/2019 2019/2020 2020/2021 2021/2022 2022/2023
Guardian Fund	2021/2022 2022/2023
Minerals Development Fund	2018/2019 2019/2020 2020/2021 2021/2022 2022/2023
Namibia National Liberation Veterans Association	2019/2020 2020/2021 2021/2022 2022/2023
National Arts Council	2021/2022 2022/2023
National Youth Council	2020/2021 2021/2022 2022/2023

Veterans Fund	2016/2017
	2017/2018
	2018/2019
	2019/2020
	2020/2021
	2021/2022
	2022/2023

7. CONCLUSION

The non-submission of financial statements hampers the execution of my mandate, causes unnecessary delays and as such I express my concern about this issue to the National Assembly. Another concern is the increase in the number of requests to the Auditor-General, in terms of their respective Acts, for extensions to submit financial statements. The non-compliance with the respective acts is escalating. The Auditor-General will consider and allow one extension per communicated request.

As a resort, the Auditor-General together with the Public Accounts Committee would subpoena the clients who are not complying with the respective Acts.



WINDHOEK, July 2024

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**