



REPUBLIC OF NAMIBIA



**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE
MUNICIPALITY OF GOBABIS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 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 Municipality of Gobabis for the financial year ended 30 June 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 Assembly in terms of Section 27(4) of the Act.

WINDHOEK, June 2018

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

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF
MUNICIPALITY OF GOBABIS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016**

1. Report on the financial statements

1.1 INTRODUCTION

This report on the accounts of the Municipality of Gobabis for the year ended 30 June 2016 is presented to the National Assembly in accordance with the Local Authorities Act, 1992 (Act 23 of 1992).

The firm, MMG Global Chartered Accountants and Auditors of Windhoek has been appointed by the Auditor-General in terms of Section 26(2) of the State Finance Act, 1991, to audit the accounts of the Municipality of Gobabis on his behalf and under his supervision.

Figures in this report are rounded to the nearest Namibia Dollar and deficits are indicated in (brackets).

I certify that I have audited the accompanying financial statements for the Municipality of Gobabis for the year ended 30 June 2016. These financial statements comprise of the following:

Annexure A: Balance sheet;
Annexure B: Income statement;
Annexure C: Cash flows statement; and
Annexure D: Notes to the annual financial statements.

The Accounting Officer in compliance with Section 87(1) of the Local Authorities Act, 1992, submitted the financial statements to the Auditor-General.

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

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 86 of the Local Authorities Act, 1992 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 misstatements, whether due to fraud or error.

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, 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, 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 insufficient and inappropriate to provide a basis of the audit opinion.

4. ACKNOWLEDGEMENT

The assistance and co-operation given by the staff of the Municipality staff during the audit is appreciated.

5. KEY AUDIT FINDINGS

5.1 Annual Audit Timetables

The auditors observed that the Municipality appears to delay the submission of annual financial statements as well as agreeing to the audit timetable with the auditors thereby inhibiting the performance and completion of audit before the end of the next financial year.

Impact

Failure by the auditors to undertake an audit before the end of the new financial year has a negative impact on the Municipality, the auditors and the Parliamentary Committee on Public Accounts. This practice:

- i. does not provide sufficient time to the Municipality to address audit queries from the preceding financial year;
- ii. disturbs the external audit process as the auditors have to adjust their annual programs to accommodate the Municipality; and
- iii. makes it very difficult for the Parliamentary Committee to timeously address issues as well as forcing the committee deal with out-dated reports.

Recommendation

The auditors recommend that the Municipality must give priority to the auditing of its financial statements. The Municipality must ensure that annual financial statements are submitted on or before end of September of each year to the Office of the Auditor - General.

Management comment

Not provided

5.2 Accounting Policies

Accounting policies are the specific principles, bases, rules, conventions and practices used by management in preparing annual financial statements. These are applied in recognition and measurement of income, assets, liabilities, expenses and equity.

The auditors observed that Municipality of Gobabis does not have any documented specific principles, bases, rules, conventions and practices adopted for the preparation and presentation of the Municipality's annual financial statements. The International Financial Reporting Standards (IFRSs) and the International Public Sector Accounting Standards (IPSASs) are the most widely acceptable frameworks. The Municipality does not follow a systematic approach in measuring non-current assets, current assets, expenses, liabilities and income. Based on the explanations received from the Municipality, the audit of these financial statements is conducted under the IFRSs framework.

Impact

The absence of documented specific accounting policies does not allow for consistency in the processing of accounting information and presentation of financial statements. The impact of the absence of accounting policies is observable in the way the Municipality measures some of the elements of the financial statements especially property, plant and equipment, accounts receivables and liabilities which is contrary to the provisions of the widely accepted IFRS.

Recommendation

The auditors recommend that the Municipality of Gobabis should develop, document and adopt sound accounting policies that comply with IFRSs or IPSASs Generally Acceptable Accounting Practices. The policies will have to be consistently applied in recognition, measurement and disclosure of revenue, expenses, assets, liabilities and equity.

Management Comment

The management indicated that the current reporting practices have been inherited from their predecessors.

5.3 Presentation of financial statements

In terms of IAS 1 Presentation of Financial Statement, paragraph 11, an entity shall prepare a full set of financial statements, which comprises of:

- a) Statement of financial position or a balance sheet;
- b) Statement of financial performance;
- c) Statement of cash flows;
- d) Statement of changes in equity; and
- e) Notes, comprising a summary of significant accounting policies and other explanatory notes.

The auditors observed that the Municipality did not prepare a statement of changes in equity and a summary of significant accounting policies and other explanatory notes. The Municipality failed to present the following disclosures as per IAS 1:

- Property, plant and equipment note;
- Statement of changes in equity;
- Inventory;
- Long-term liabilities note; and
- Revenue.

The Municipality did not disclose the following key accounting policies:

- Property, plant and equipment policy;
- Impairment policy;
- Fair value;
- Government grants;
- Borrowing costs;
- Revenue recognition policy;

- Inventory;
- Financial instruments;
- Treatment of prior period errors;
- Cash and cash equivalents policy; and
- Employee benefits.

The Municipality disclosed its assets as income, general and loan assets. In terms of IAS 16 Property, plant and equipment there are three main classes of tangible assets only. These are property (land), plant (sewer and water works plants) and equipment (motor vehicles, office furniture). The disclosure by the Municipality thus does not comply with IAS16.

Impact

Failure by the Municipality to present a full set of financial statements impacts negatively on decisions of key stakeholders who rely on the financial statements of the Municipality for decision-making. The absence of a complete set of financial statement impacts negatively on Parliament and the National Assembly in their ability to assess whether the Municipality is exercising appropriate stewardship or not. Furthermore, the absence of a full set of annual financial statements impacts negatively on the auditors in forming an audit opinion as to whether the financial statements conform to the standards of an adopted financial reporting framework.

Recommendation

The Municipality must prepare a complete set of financial statements in compliance with the internationally recognised reporting standards.

Management comment

The management indicated that the current reporting practices are inherited from their predecessors.

5.4 Investments Funds and Build Together Fund

The auditors observed that opening balance for the investments at the bank for the Smallerland Fund as per fund reconciliation was understated by N\$ 112 735. The auditors also observed that the opening balance of investments held at commercial banks for the Build Together Fund reported as per the Municipality's fund reconciliation, was understated by N\$ 2 330 566.

Impact

The current year opening balance amount stated as an increase in the funds and corresponding assets is overstated. The current year amount was stated as an increase (as interest) in the funds and corresponding assets is overstated.

Recommendation

The opening balance for the period under review must be restated. The auditors recommend that the opening balance for the period under review must be restated.

Management comment

No comments were provided by the Council.

5.5 FUNDS

The auditors observed that there was insufficient supporting documentation for the Smallerland, Build Together, fixed property and capital reserve funds temporary advance to revenue. During the current year this line item in the mentioned funds increased by N\$ 5 647 769. The breakdown of the figure is as follows:

Fund Name	Amount
	N\$
Smallerland fund	456 035
Build Together fund	(2 241 387)
Fixed property fund	9 361 900
Capital reserves fund	(1 928 779)

Therefore, auditors could not verify the above-mentioned values since the Municipality could not provide supporting documents for the increase in funds.

Management comment

Not comments were provided by the Council.

5.6 Interest on investments

The auditors observed that the distribution of interest earned on investments accounts amounting to N\$ 1 751 905 could not be supported by any documents. The auditors could not identify the accounts to which the interest was allocated.

Impact

The interest earned on investments is misallocated thus misleading the users of the financial statements.

Recommendation

The Municipality should correctly allocate and present the interest earned on investments.

Management comment

No comments were provided by the Council.

5.7 External loans

The auditors observed that the Municipality owes the central government an amount of N\$ 3 948 262 in external loans. The Municipality could not provide the auditors with external confirmation from the Ministry of Finance.

Impact

The impact of the failure to obtain the loan statements from the Ministry of Finance limits the scope of the audit since the auditors could not verify the actual liabilities of the Municipality.

Recommendation

The auditors recommend that the Municipality must ensure that as part of the audit preparation, copies of loan statements are requested from the Ministry of Finance. The statements must clearly indicate the actual amounts outstanding for each loan agreement as at 30 June of each year.

Management comment

The management could not obtain the loan statements from the Ministry of Finance before finalization of this report. An attempt to get the statements by the Strategic Executive: Finance on the 8 June 2017 from the Ministry of Finance was not successful.

5.8 Appropriation account

The auditors observed that the appropriation account was adjusted by an amount of N\$ 8 769 764 for the period under review due to an increase in the provision for doubtful debts. The adjustment resulted in wrong allocation of the increase in provision for bad debts.

Impact

The adjustments for the provision for bad debts have a negative impact on both the opening balance of the appropriation and the net operating income for the period under review. The appropriation account was incorrectly charged with bad debts amounting to N\$ 8 769 764 while the deficit for the period under review was understated by the same amount. The allocation does not give a fair view of the performance of the Municipality.

Recommendation

The auditors recommend that the Municipality must account for the change in the income statement in order to present true and fair view of the Municipality's financial performance for the period under review.

Management comment

No comment was provided by the Management.

5.9 Accounts payable – Provision for severance pay

The auditors observed that the Municipality did not account for the provision for severance pay during the period under review as well for the prior period. The provision was misstated by an amount of N\$ 3 103 998.

Impact

Failure to account for the provision for severance pay impacts negatively on the performance results of the Municipality. The net deficit for the period under review is therefore, understated by an amount of N\$ 3 103 998.

Recommendation

The auditors recommend that the Municipality must account for the provision for severance pay on annually basis as at year end. In subsequent period, the Municipality will only account for the movement in the provision.

Management comment

Management was under the impression that the severance pay is only expensed at the time of retirement or resignation of an employee.

5.10 Value Added Tax

The auditors observed that Value Added Tax as per returns submitted was misstated by an amount of N\$ 750 805 being the difference between closing balance for prior year and the input declared, output VAT claimed and the refunds received during the period under review. A reasonability test revealed that input VAT was misstated by N\$ 1 803 124 while output VAT was misstated by an amount of N\$ 479 176.

Impact

Failure to correctly declare value added tax might impact negatively on the cash flows of the Municipality. The Municipality may incur penalties and interest expenses.

Recommendation

The auditors recommend that the Municipality must reconcile the VAT account with the Receiver of Revenue on a regular basis.

Management comment

No comments were provided by the Management.

5.11 Property, plant and equipment - Depreciation

In terms of IFRSs, an entity allocates the amount initially recognized in respect of an item of property, plant and equipment, including infrastructure assets, to its significant parts and depreciates separately each such part. The Municipality would be required to depreciate separately the pavements, formation, curbs and channels, footpaths, bridges and lighting within a road system. The depreciation charge for each period shall be recognized in surplus or deficit unless it is included in the carrying amount of another asset.

Paragraph 6 of IAS 16 defines carrying amount as the amount at which an asset is recognized after deducting any accumulated depreciation and accumulated impairment losses. In terms of

IAS 16 paragraph 55, depreciation of an asset begins when the asset is available for use that is to say when the asset is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation ceases at the date the asset is derecognized.

The auditors observed that although depreciation was being calculated in the Fixed Asset Register (FAR):

- A full year depreciation expense was being charged to income as if the assets were available for use or had been completed by the 1 July 2015: No project completion dates were provided in the asset register;
- The Municipality failed to account for prior year omissions of depreciation in the asset ledgers and the appropriation account;
- The Municipality failed to charge depreciation for the prior year and period under review on assets acquired through loan facilities;
- Undocumented changes in useful life of assets;
- The Municipality failed to account correctly for current period depreciation due to wrong application of the straight line depreciation method; and
- No record of depreciation expense and accumulated depreciation could be found in the general ledger for each class of assets.

By not charging depreciation and amortization on infrastructure and software assets, the Municipality is not complying with IFRSs.

Impact

Failure to charge depreciation on property, plant and equipment in the financial statements results in the affected assets being materially misstated as follows:

- Prior year reported understatement of depreciation not charged to appropriation account and accumulated depreciation amounted to N\$ 1 245 768;
- Unaccounted prior year depreciation on loan assets amounted to N\$ 3 213 236;
- Current year depreciation not charged on loan assets amounting to N\$ 2 662 710;
- Current depreciation misstatement as a result of wrong application of the depreciation policy and unexplained revision of useful lives amounted to N\$ 4 972 462; and
- Loan assets written off during the period under review amounting to N\$ 1 448 273 as loan redemption.

Recommendation

The Municipality must develop, adopt, document and implement a sound depreciation and amortization policy on infrastructure and computer software assets based on a recognized accounting framework. The Municipality must recognize and measure its property, plant and equipment in terms of IAS 16 Property, plant and equipment. The Municipality need to account for the above-mentioned misstatements including time apportionment of depreciation where necessary. Furthermore, auditors recommend that because of the pervasiveness of the errors, the Municipality must restate its financial statements as the current financial statements cannot be relied upon.

Management comment

The management indicated that the current reporting practices were inherited from their predecessors.

5.12 Fixed assets register

The auditors observed that the Municipality maintains its fixed asset register in an excel format. The fixed asset register does not contain full details of each asset such as the original cost, date of first use, residual values, records of revaluation and impairment tests.

Impact

The absence of these essential details, it was not possible for the auditors to recalculate correctly the depreciation expense. The carrying amounts of all fixed assets reported in the statement of financial position are not recorded in the accounting information system.

Recommendation

The auditors recommend the following:

- The fixed asset register be updated immediately in order to capture all the necessary details of each asset;
- That all items of property, plant and equipment be recorded in the accounting records using the BIQ system timeously; and
- That the municipality should take keen interest in the asset register as well as the general condition of Municipality assets.

Management comment

No comment provided.

5.13 Inventory

The auditors observed that the Municipality uses a periodic inventory system. The system is not supported by sufficient documentation. The auditors further observed that the Municipality did not have:

- Adequate controls over inventory;
- A systematic way of processing requisitions from individual departments; and
- Systematic inventory costing method.

The auditors observed that there was no independent inventory count observation at 30 June 2016. However, based on inventory count of 30 June 2017, the auditors discovered a number of inventory items that were not recorded as at 30 June 2016. Because of lack of sufficient documentation, the auditor did not have alternative methods to vouch the inventory balance of N\$ 3 838 886 as disclosed in the annual financial statements.

Impact

Failure to have adequate inventory control may have negative impact on the Municipality. The Municipality may incur financial loss through theft and pilferage. Failure to follow a systematic way of processing requisitions and orders may result in cash flow strains as unjustified orders may be executed.

Furthermore, the absence of recognised costing methods exposes the Municipality to the risk that the inventory may be misstated in terms of valuation.

Recommendation

The municipality must set up effective controls over stores and related records. The BIQ system must be used for the maintenance and processing of all inventory requisitions and orders from all departments.

Management comment

Management promised a review on the stores record keeping systems and communicated plans relating to the update of the BIQ system with an inventory module.

5.14 Account receivables

The auditors observed the following misstatements:

- The provision for doubtful debts was understated with an amount of N\$ 1 241 800; and
- Account receivables credit balances of N\$ 1 174 195 were netted off against account receivables debit balances.

The misstatements result from incorrect application of the Municipality's policy on bad debts. The credit balances in the account receivables ledger are considered a liability as Council has no right to set off against the debit balances therefore the amount is wrongly classified.

Impact

Closing balance of provision for doubtful debts and current deficit in the income and expenditure statement were understated by N\$ 1 241 800. Furthermore, the account receivables balance is understated by an amount of N\$ 1 174 195 while accounts payable balance is also understated by the same amount.

Recommendations

The auditors recommend that the Municipality should make the necessary adjustments to reflect the true performance and financial position of the Municipality as at 30 June 2016.

Management comment

No comment was provided.

5.15 Cash and Bank

The objective of setting up controls over cash and bank, and performing bank reconciliation is to detect errors and possible fraud that may be perpetrated by personnel who are principally responsible for collecting cash and cheques, payments, recording and banking. Failure to timely detect cash shortfalls or misappropriation(s) defeats the control objectives over cash and bank and encourages further perpetration from criminal elements.

The auditors observed an under banking amounting to N\$ 31 436 for both the head office and the Epako office. The auditors observed that out of the daily cash collections of 31 July 2015, a single amount of N\$ 20 000.00 was under banked. Upon further inquiry, the auditors were informed that the amount was fraudulently written off against electricity cash sales through abuse of passwords. However, the auditors could not perform further audit procedures due non-availability of the Epako office bank deposit slips as well as the failure by the Municipality to provide a list of the fraudulent transactions from the BIQ system. The full loss had not been established at the time of writing of this report.

Impact

The municipality's bank reconciliation balanced despite the missing amount of N\$ 20 000 identified by auditors and this suggests unconventional methods of bank reconciliation. Failure by the municipality to set up effective and well-monitored control systems resulted in financial losses. Whereby Municipality suffered financial losses through fraudulent actives perpetrated by municipality employee(s), Based on this finding, the cash and bank balances cannot therefore be relied upon.

Recommendation

Due to nature of cash and cash equivalents, this is considered a high risk area. The Municipality should ensure that there is segregation of duties over cash and bank activities. Daily cash up slips and deposit slips must be reviewed before and after banking. The auditors also recommend the following:

- Surprise cash counts;
- Periodic banking under dual control to reduce the amount of cash held at any point in time;
- Consistently reviewing dual custody of keys or access to strong rooms;
- Computer logs should be designed to record access to the system as well as points of access;
- The implementation of mandatory vacation leave policy for certain positions;
- Taking strong action against cash shortages and surpluses;
- Review of key and combination assignments;
- Installation of video cameras in key areas;
- Constant review of finance staff computer access and authentication- passwords must expire after certain specified short periods;
- The Municipality must review its hiring procedures for key and sensitive positions- policies and procedures such as criminal background checks, employment history checks; and
- Designing and implementing policies and procedures for dealing with fraud.

Management comment

The Municipality was satisfied with the audit finding over missing cash of N\$ 20 000 and resolved to have the matter investigated externally. They also promised a review of the controls over cash and bank. The Municipality further informed the auditors that there were challenges in obtaining an audit trail from the systems administrator for the daily cash collections.

5.16 Revenue - Administration fee

The auditors observed that inter departmental charges were reported as part of revenue for external reporting purposes. The total inter-department charges recognised as revenue in the current year is N\$ 14 280 923 (2015: N\$ 12 172 521).

Impact

The current year and prior year revenue is overstated by N\$ 14 280 923 and N\$ 12 172 521 respectively. Similarly, the total expenditure is understated.

Recommendations

The auditors recommend the Municipality to setoff inter-departmental revenue and expenses when reporting for external purpose. Therefore, the Municipality should correct the misstatements.

Management comment

No comment was provided.

5.17 Assessment rates and sanitation

The auditors observed that the Municipality did not apply approved rates for the period under review because the rates were considered as too high for consumers. As a result, the business community was charged the same rates as residential ratepayers. Municipality failed to provide documented proof for the change in the use of approved rates.

Impact

Executive management failed to comply with the gazetted law by charging rates not approved and gazetted. In addition, executive management had taken decision without approval of the council; as a result, revenue was lost through implementation of incorrect rates. The auditors could not quantify the financial loss due to non-separation of valuation rolls between residential and business.

Recommendation

The auditors recommend that executive management must seek Council's approval for any deviation from gazetted rates. In addition, any decision taken contrary to the approved rates is documented to form the basis of evidence to support any deviation.

Management comment

The Municipality reverted to the 2014/2015 approved rates without seeking approval from the line Ministry. The executive management confirmed that approved rates as per gazette were considered too high and detrimental to the business community therefore executive management resolved to set aside the approved rates.

5.18 Electricity revenue

The auditors observed that the Municipality did not apply consistently the variable rates for electricity. The Municipality charged the variable rates as follows:

- One of the consumers was charged a variable rate inclusive of the levy component;
- The second group was charged a variable rate inclusive of the ECB levy plus a further separate ECB levy; and
- The third group was not levied the ECB levy at all;

It therefore means that some consumers were charged ECB levy double than the gazetted rate. These inconsistencies in the application of variable rates were also raised by ECB in their approval letter for 2015/2016 financial year rates.

Impact

The incorrect use of approved and not approved rates has resulted in losses to residents and in some cases to the Municipality. The total impact of incorrect application of rates is projected at N\$ 2 017 895 net of overcharges, which represents 6.4% of conventional electricity revenue.

Recommendation

The auditors recommend that the Municipality should identify and refund clients where there were overcharges.

Management comment

No comment was provided.

5.19 Streets revenue

The auditors observed that the Municipality recognised an amount of N\$ 1 677 272 as street revenue. Despite several emails sent to Strategic Executive: Finance the auditors were unable to obtain the general ledger report (GL dump) for street revenue. Therefore, auditors could not perform any audit procedures on this revenue item in order to obtain sufficient appropriate evidence to express an opinion on street revenue during the current year.

Management comment

No comment was provided.

5.20 Amendments to Computer Master Files

The auditors observed that there were no set procedures for amending rates on the BIQ system as well as creating new client files on the system. All accountants could amend system records without approval from the Finance Manager or the Strategic Executive: Finance. The auditors observed that management was aware of the problem. No evidence of system and post amendments reviews was observed.

Impact

The non-monitoring of changes on the system may have a negative impact on the financial operation of the Municipality. Fraud and errors with serious financial implications may go undetected.

Recommendation

The Finance Manager and the Strategic Executive: Finance must approve and review all changes to systems master records.

Management comment

Management acknowledged awareness of the problem and assured the auditors that corrective measures will be taken.

5.21 Expenditure

The auditors observed that the Municipality failed to account for some invoices in the correct period:

- Invoice dated 21 May 2015 with an amount of N\$ 99 698 and VAT of N\$ 14 955 was entered in the period under review;
- Departmental charges for an amount of N\$ 14 048 648.11 were included in the Municipality's total expenditure for the year;
- Loan redemptions (loan repayments) amounting to N\$ 2 081 702.77 was charged to the Municipality expenditure for the period under review.

Impact

The expenditure for the year ending June 2016 is overstated by the combined total of N\$ 114 653 and prior year expenditure is understated by a similar amount. The inclusion of departmental levies of N\$ 14 048 648 materially overstates expenditure since these are notional expenditure charge for services that municipal departments render on behalf of each other. Expenditure is overstated by redemption of N\$ 2 081 703, which is a repayment of Municipality loans that should have been recorded as a reduction in liabilities.

Recommendation

The Municipality must ensure that:

- All expenditures are allocated to the period in which the expenditure is incurred
- Departmental levies excluded in the Municipality's annual expenditure to avoid misleading users of financial statements who may make decisions based on the municipality's reported financial information.
- Loan redemptions be debited to loan accounts instead of expenditure.

Management comment

Management stated that the Nampower invoice was included in the current year by error. The administration levy is a municipal vote, which would be matched off to internal revenue.

Management could not justify why they are expensing redemption on loans.

General

The qualifications of staff in appropriate positions in the finance department should however be reviewed to ensure that qualified personnel are employed in respective positions.

7. Basis for Disclaimer Audit Opinion

- No documented accounting policies;
- Key disclosures not provided in the financial statements;
- No evidence of authorization, approval and review of documentation by management to support system master file records amendments;
- Insufficient documents to support the movement in the funds;
- Unavailable loan statements for external loans amounting to N\$ 3 948 263;
- Cash and bank at Head office had an under banking of N\$ 20 000;
- Unavailable cash deposit slips for the Epako Sub office months of November and December 2015;
- Provision for doubtful debts amounting to N\$ 8 769 764 was incorrectly debited to the appropriation account;
- The provision for doubtful debts was understated by an amount of N\$ 1 241 800;
- Understatement of both the accounts receivable and accounts payable by an amount of N\$ 1 174 194;
- The Smallerland Fund opening bank balance was understated by N\$ 112 736;
- The Build together Fund bank balance was understated by N\$ 2 330 566;
- The allocation of an investment interest could not be traced to accounting records;
- No provision for severance pay amounting to N\$ 3 103 998;
- VAT was misstated by N\$ 750 805;
- Prior year reported understatement of depreciation not charged to appropriation account and accumulated depreciation amounted to N\$ 1 245 768;
- Unaccounted prior year depreciation on loan assets amounted to N\$ 3 213 236;
- Current year depreciation not charged on loan assets amounted to N\$ 2 662 710;
- Current depreciation misstatement as a result of wrong application of the depreciation policy and unexplained revision of useful lives amounted to N\$ 4 972 462;
- Loan assets amounting to N\$ 1 448 243 were written off based on settlement of loans;
- A number of significant inventory items were not included in the inventory valuation as at 30 June 2016;
- Internal charge amounting to N\$ 14 280 923 (2015: N\$ 12 172 521) was incorrectly reported as part of income;
- The impact of the loss on application of unapproved property rates and taxes could not be quantified due to the state of the valuation roll;
- Electricity was overstated by a projected amount of N\$ 2 017 895;
- Unavailability of documents for street revenue amounting to N\$ 1 677 270;
- Prior year expenditure amounting to N\$ 114 653 was wrongly processed in the current financial year;
- Departmental charges for an amount of N\$ 14 048 648 was incorrectly charged to expenditure ; and
- Loan redemptions (loan repayments) with an amount of N\$ 2 081 703 was charged to expenditure.

8. DISCLAIMER OF AUDIT OPINION

The accounts of the Municipality of Gobabis for the financial year ended 30 June 2016 summarized in Annexure A to D, were audited in terms of the provision of Section 85 of the Local Authorities Act, 1992.

Because of the significance of the matters described in the Basis for Disclaimer of Audit Opinion paragraph, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, I do not express an opinion on the annual financial statements of the Municipality of Gobabis as at 30 June 2016.

WINDHOEK, June 2018



**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

9. FINANCIAL RESULTS

The results of the operations of, and transactions on the Revenue account for the year are as follows:

	Revenue	Expenditure	Surplus/ (deficit)	Balance
	N\$	N\$	N\$	N\$
Accumulated deficit on 01/07/2015				(28 336 348)
General accounts				
- Non-profitable services	37 202 619	(41 208 927)	(4 006 308)	
- Self-supporting services	9 298 498	(7 712 834)	1 585 664	
Trade accounts				
- Electricity	40 156 723	(42 199 499)	(2 042 776)	
- Water	14 230 258	(16 542 537)	(2 312 279)	
Deficit for the year	100 888 098	(107 663 797)	(6 775 699)	(6 775 699)
Adjustments and utilisations note 9				(9 711 709)
Accumulated deficit on 30/06/2016				(44 823 756)

10. CURRENT BANK ACCOUNT

10.1 Operational bank account

	2016	2015
	N\$	N\$
Cash-book balance at 30 June - Balance sheet	1 774 545	1 546 055
Outstanding cheques	145 196	930 356
Outstanding deposits	(550 696)	5 000
Unknown deposits	423 537	-
Unknown items	307 092	-
Balance as per bank statement	2 099 674	2 481 411

10.2 Smallerland bank account

	2016	2015
	N\$	N\$
Cash-book balance at 30 June - Balance sheet	210 463	195 884
Unknown difference	-	(20 499)
Balance as per bank statement	210 463	175 385

10.3 Build Together bank account

	2016	2015
	N\$	N\$
Cash-book balance at 30 June - Balance sheet	748 097	873 586
Unknown difference	-	78 864
Balance as per bank statement	748 097	952 450

11. INVESTMENTS

The investments as at 30 June are as follows:

Institution	2016		2015	
	Investment	Interest	Investment	Interest
	N\$	N\$	N\$	N\$
Commercial banks	32 953 955	2 148 565	43 792 604	2 528 889
	32 953 955	2 148 565	43 792 604	2 528 889
Distribution				
Smallerland Fund	1 706 689	90 456	1 510 211	132 301
Build Together Fund	3 976 102	220 371	1 425 165	72 742
General Capital Fund	26 425 059	1 592 835	37 900 883	-
Revenue Fund	846 105	244 903	2 956 345	1 075 808
Renewal Fund	-	-	-	63 314
Betterment Fund	-	-	-	27 829
Fixed Property Fund	-	-	-	978 868
Capital Reserve Fund	-	-	-	102 067
Housing Fund	-	-	-	75 960
	32 953 955	2 148 565	43 792 604	2 528 889

12. FUNDS, ACCOUNTS AND RESERVES

The position of the Funds and accounts at year-end are as follows:

FUNDS AND ACCOUNTS

12.1 Internal Funds

	2016	2015
	N\$	N\$
HIV/AIDS Small Grant Fund	-	1 905
Betterment Fund	1 121 642	1 072 836
Build Together Fund	6 230 224	6 246 522
Capital Reserve Fund	16 717 238	15 533 857
Fixed Property Fund	47 541 304	38 135 768
Housing Fund	3 220 187	3 077 571
Renewal Fund	2 197 084	2 113 865
Sanitation Revolving Fund	-	172 545
Smallerland Fund	8 692 302	8 139 447
Study Loan Fund	-	534 151
Tariff Stabilization Fund	-	384 863
	85 719 981	75 413 330
Revenue account kept in compliance with Section 86(1) of the Local Authorities Act, 1992.	(44 823 756)	(28 336 348)
	40 896 225	47 076 982

12.2 Capital Funds

Loans redeemed	7 790 512	7 167 451
Contributions from General Capital	89 121 905	76 445 885
Contributions from Revenue	4 598 624	5 207 107
	101 511 041	88 820 443

12.3 The results of water electricity operations are as follows:

	Electricity		Water	
	2016	2015	2016	2015
	N\$	N\$	N\$	
Sales	39 756 832	39 907 971	14 029 371	13 856 794
Less: Cost of bulk purchases	(33 109 520)	(29 973 077)	(12 870 929)	(10 093 046)
Gross surplus	6 647 312	9 934 894	1 158 442	3 763 748
Other expenses	(4 604 536)	(10 468 279)	(3 470 721)	(3 141 376)
Net (deficit)/surplus	2 042 776	(533 385)	(2 312 279)	622 372
Gross surplus percentage on purchases	20%	33%	9%	37%
Net surplus percentage on purchases	6%	(2%)	(18%)	6%
Gross surplus percentage on sales	17%	25%	8%	27%
Net surplus percentage on sales	5%	(1.3%)	(16%)	5%

12.4 Distribution results are as follows:

Electricity and water distribution losses, in kilo watt hour (Kwh) and cubic metres (m³), are as follows:

	Electricity		Water	
	2016	2015	2016	2015
	Kw/h	Kw/h	m ³	m ³
Sales	38 338 927	19 845 646	735 570	843 649
Purchases	(24 927 280)	(24 084 690)	(997 304)	(900 833)
Loss	13 411 647	(4 239 044)	261 734	(57 184)
Percentage gain/(loss) in units bought	54%	(18%)	(26%)	(6%)

13. SELF-SUPPORTING SERVICES

The result for the year under review are as follows:

Services	Income 2016	Expenses 2016	Surplus/(deficit) 2016	Surplus/(deficit) 2015
	N\$	N\$	N\$	N\$
Sewerage	4 055 835	(2 872 345)	1 183 490	954 265
Sanitation	5 242 663	(4 840 489)	402 174	1 442 844
	9 298 498	(7 712 834)	1 585 664	2 397 109

14. FRUITLESS UNAUTHORIZED EXPENDITURE AND EXCESS

14.1. There were no fruitless and unauthorised expenses incurred during the year under review.

14.2. EXCESS EXPENDITURE

There were no excessive amounts paid.

15. REVENUE WRITTEN OFF

No revenue was written off during the year.

16. BURSARIES

No bursaries were granted or paid during the year under review.

17. TRANSFER OF PROPERTY TO/FROM THE GOVERNMENT

17.1. Transfer of property to the Government

There was no transfer of property to the Government during the year under review.

17.2. Transfer of property by the Government to local authority

There was no transfer of property by the Government to the Municipality during the year under review.

17.3. Transfer of property to/from other than Government

There were no such transfers.

18. MOTOR VEHICLES

18.1. Motor vehicles reconciliation.

Refer to Annexure 1.

18.2. Motor accidents

Refer to Annexures 2 and 3.

19. CAPITAL PROJECTS

Capital expenditure for the 2016 financial year amounted to N\$ 27 176 031 (2015: N\$ 15 339 877) and comprises the following:

	Financed by: General capital	Financed by: Internal loans	Total expenditure 2016	Total expenditure 2015
	N\$	N\$	N\$	N\$
Cemetery	-	417 081	417 081	396 378
Public buildings	-	-	-	317 593
Sewerage	12 784 059	-	12 784 059	4 221 804
Sanitation	-	-	-	1 964 359
Town Treasurer	-	322 045	322 045	1 203 320
Streets	-	3 470 400	3 470 400	228 000
Town Engineer	-	-	-	813 819
Water	2 515 632	-	2 515 632	2 948 922
Electricity	7 666 814	-	7 666 814	3 245 682
	22 966 505	4 209 526	27 176 031	15 339 877

20. IRREGULARITIES AND LOSSES

20.1 There were no irregularities during the year under review.

20.2. There were no losses caused by employees and/or persons outside the Municipality.

21. CONTRIBUTIONS/GRANTS/FINANCIAL AID BY THE LOCAL AUTHORITY

A list of all financial and other contributions, grants or aid that was made during the year must be supplied with references to the beneficiaries and the relevant main divisions.

22. GIFTS/DONATIONS BY THE LOCAL AUTHORITY

22.1 Gifts/Donations

There were no gifts/donations given by the Municipality during the year under review.

22.2. Free services

There were no free services rendered during the year under review.

23. GIFTS TO THE LOCAL AUTHORITY

There were no gifts/donations given to the Municipality during the year under review.

24. COMPENSATION PAYMENTS

There were no compensation payments made during the year under review.

25. VISITS TO FOREIGN COUNTRIES

There were no visits to foreign countries during the year under review.

26. LOANS

26.1 Balances written off:

No loans were written off during year under review.

26.2 .Balances suspended:

No loans were suspended during the year under review.

26.3. Motor vehicle financing loans:

There are no motor vehicle loans.

26.4 Housing loans to staff.

There are no housing loans given to staff.

26.5 Private work approved.

There was no private work approved.

27. TARIFF ADJUSTMENTS

Tariff adjustments are reflected in the official Government Gazette.

28. SALE OF ERVEN

Proceeds from the sale of Erven amount to N\$ 3 385 888 and were credited to the Fixed Property Fund.

29. LOCAL AUTHORITY PROPERTY SOLD ON AN INSTALMENT BASIS

There were no properties sold on instalment basis.

30. CERTIFICATES

30.1 Securities.

There are no securities held by the Municipality.

31. SUSPENSE ACCOUNTS

31.1 Every suspense account as at 30 June has been analysed and reconciled with the main ledger;

31.2 Continuous efforts are being made to clear the suspense accounts.

32. LEAVE RESERVE FUND

The leave pay provision is adequate and there are sufficient funds to pay the benefits when they fall due.

33. APPROVALS

33.1. Excess on approved budget

All excess expenditure was approved by the Council.

34. INVENTORIES

Inventories of consumable stores amounted to N\$ 3 838 886 (2015: N\$ 4 453 242).

35. SPECIAL INVESTIGATION

There were no special investigations done during the year under review.

36. TRADE AND OTHER RECEIVABLES/PAYABLES

36.1 Trade and other receivables at 30 June:

	2016	2015
	N\$	N\$
Consumers	47 179 746	39 452 994
Housing loans	7 028 628	7 129 024
VAT receivable	2 755 187	3 037 609
Other loans receivable	2 177 532	1 248 666
Sundry debtors	625 063	4 136 877
Loans redeemed	2 726 935	-
	62 493 091	55 005 170
Provision for bad debts	(36 554 763)	(28 688 874)
	25 938 328	26 316 296

36.2 Trade and other payables at 30 June:

	2016	2015
	N\$	N\$
Trade payables	6 673 389	5 805 614
Consumer deposits	1 400 318	1 422 595
Government loan instalment in arrears	791 191	3 625 181
Provision for leave pay	3 138 937	-
Sundry creditors	1 075 424	-
	13 079 259	10 853 390

37. ASSESSMENT RATES

Details	2016	2015
	N\$	N\$
Net proceeds from assessment rates	13 044 357	10 506 349
Residential		
Tariffs per N\$1 valuation per annum – site valuation	0.081879	0.074435
Tariffs per N\$1 valuation per annum – improvements	0.014143	0.012857
Business/Institutions/Industries		
Tariffs per N\$1 valuation per annum – site valuation	0.1055621	0.0812016
Tariffs per N\$1 valuation per annum – improvements	0.1542820	0.0140256

38. SUBSIDIES FROM GOVERNMENT (TRANSFERS FROM MINISTRY OF URBAN AND RURAL DEVELOPMENT & FUNDS FOR PROJECT eg.TIPEEG)

There were no subsidies received from the Government during the year under review.

39. HIV/AIDS

There is no such programme in place.

40. RISK MANAGEMENT

There is no such programme in place.

41. INTERNAL AUDIT & AUDIT COMMITTEE

There is no internal audit function in place.

42. ENVIRONMENTAL MATTERS

There is no programme that deals with environmental matters in place.

43. AUDIT REPORT

The last audit report which was tabled in the Management Committee meeting is the audit report for the year ended 30 June 2015 which was tabled on 30 April 2017. At the time of writing this report the report had not been tabled in the Council meeting.

**MUNICIPALITY OF GOBABIS
BALANCE SHEET AS AT 30 JUNE**

	Note	2016 N\$	2015 N\$
ASSETS			
Non-current assets		127 787 038	117 870 390
Property, plant and equipment	1	94 833 083	74 077 786
Investments	2	32 953 955	43 792 604
Current assets		32 510 779	33 385 523
Trade and other receivables	3	25 938 328	26 316 296
Inventories		3 838 886	4 453 242
Cash and cash equivalents	4	2 733 565	2 615 985
TOTAL ASSETS		160 297 817	151 255 913
EQUITY AND LIABILITIES			
Equity		142 407 266	135 897 425
Capital Funds	5	101 511 041	88 820 443
Funds and accounts	6	40 896 225	47 076 982
Non-current liabilities			
Long-term loans		3 948 262	4 179 256
Current liabilities		13 942 289	11 179 232
Trade and other payables	7	13 079 259	10 853 390
Suspense accounts	8	863 030	325 842
Total liabilities		17 890 551	15 358 488
TOTAL FUNDS AND LIABILITIES		160 297 817	151 255 913

MUNICIPALITY OF GOBABIS
INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE

	Note	2016 N\$	2015 N\$
INCOME		100 761 499	99 700 353
EXPENDITURE		(107 663 797)	(103 843 018)
NET OPERATING DEFICIT		(6 902 298)	(4 142 665)
INTEREST ON INVESTMENTS		126 599	1 075 808
NET OPERATING DEFICIT AFTER INTEREST		(6 775 699)	(3 066 857)
Transfer to Funds		-	(121 800)
APPROPRIATION ACCOUNT	9	(9 711 709)	(22 611 754)
NET DEFICIT AFTER APPROPRIATIONS		(16 487 408)	(25 800 411)
REVENUE ACCOUNT - Beginning of year		(28 336 348)	(2 535 937)
REVENUE ACCOUNT - End of year		(44 823 756)	(28 336 348)

MUNICIPALITY OF GOBABIS
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE

	Note	2016 N\$	2015 N\$
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from customers		100 761 499	99 700 353
Cash paid to suppliers		(114 157 312)	(109 814 307)
Cash (utilised)/generated by operations	10	(13 395 813)	(10 113 954)
Interest Received		126 599	1 075 808
Increase in Fund accounts		10 306 651	6 388 599
Increase in suspense accounts		537 188	-
Increase in Capital outlay		12 690 598	27 530 035
Net cash flow from operating activities		10 265 223	24 880 488
CASH FLOW FROM INVESTING ACTIVITIES			
Net capital expenditure		(20 755 297)	(12 902 353)
Decrease/(increase) in investments		10 838 648	(13 080 796)
Decrease in secured loans		-	587 476
Net cash flow from investing activities		(9 916 649)	(25 395 673)
CASH FLOW FROM FINANCING ACTIVITIES			
Decrease in long-term liabilities		(230 994)	(210 895)
NET DECREASE IN CASH AND CASH EQUIVALENTS			
		117 580	(726 080)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR		2 615 985	3 342 065
CASH AND CASH EQUIVALENTS - END OF YEAR		2 733 565	2 615 985

MUNICIPALITY OF GOBABIS
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE (continued)

	2016	2015
	N\$	N\$
1 PROPERTY, PLANT AND EQUIPMENT		
Loan assets	33 086 931	28 004 663
Income assets	5 255 290	4 953 366
General capital assets	56 490 862	28 217 404
Total	94 833 083	74 077 786
2 INVESTMENTS		
INVESTMENTS		
Commercial banks	32 953 955	43 792 604
ALLOCATED AS FOLLOWS		
Smallerland Fund	1 706 689	1 510 211
Build Together Fund	3 976 102	1 425 165
General Capital Fund	26 425 059	37 900 883
Revenue	846 105	2 956 345
	32 953 955	43 792 604
3. TRADE AND OTHER RECEIVABLES		
Consumers	47 179 746	39 452 994
Housing Funds loans	7 028 628	7 129 024
VAT receivable	2 755 187	3 037 609
Other loans receivable	2 177 532	1 248 666
Sundry debtors	625 063	4 136 877
Loans redeemed	2 726 935	-
	62 493 091	55 005 170
Provision for bad debts	(36 554 763)	(28 688 874)
	25 938 328	26 316 296

ANNEXURE D

MUNICIPALITY OF GOBABIS
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE (continued)

	2016	2015
	N\$	N\$
4. BANK AND CASH		
Current account	2 733 105	2 615 525
Petty cash	460	460
	2 733 565	2 615 985
5. CAPITAL FUNDS		
Loans	7 790 512	7 167 451
General capital contributions	89 121 905	76 445 885
Revenue contributions	4 598 624	5 207 107
	101 511 041	88 820 443
6. FUNDS, ACCOUNTS AND RESERVES		
HIV/AIDS Small Grant Fund	-	1 905
Betterment Fund	1 121 642	1 072 836
Build Together Fund	6 230 224	6 246 522
Capital Reserve Fund	16 717 238	15 533 857
Fixed Property Fund	47 541 304	38 135 768
Housing Fund	3 220 187	3 077 571
Renewal Fund	2 197 084	2 113 865
Sanitation Revolving Fund	-	172 545
Smallerland Fund	8 692 302	8 139 447
Study Loan Fund	-	534 151
Tariff Stabilization Fund	-	384 863
	85 719 981	75 413 330
Revenue account kept in compliance with Section 86(1) of the Local Authorities Act, 1992.	(44 823 756)	(28 336 348)
	40 896 225	47 076 982

MUNICIPALITY OF GOBABIS
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE (continued)

	2016	2015
	N\$	N\$
7. TRADE AND OTHER PAYABLES		
Trade payables	6 673 389	5 805 614
Consumer deposits	1 400 318	1 422 595
Government loans instalments in arrear	791 191	3 625 181
Provision for leave pay	3 138 937	-
Sundry creditors	1 075 424	-
	13 079 259	10 853 390
8. SUSPENSE ACCOUNTS		
Sale of houses	174 125	174 126
Deposits	240 697	52 388
Rentals received in advance	117 118	99 328
General	331 441	-
Other	(351)	-
	863 030	325 842
9. ADJUSTMENTS TO APPROPRIATIONS		
Prior year adjustment - expenses	220 771	(43 354 177)
Prior year adjustments - income	(9 932 480)	20 742 423
	(9 711 709)	(22 611 754)

MUNICIPALITY OF GOBABIS
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE (continued)

	2016	2015
	N\$	N\$
10. CASH (UTILISED)/GENERATED BY OPERATIONS		
Net operating deficit before interest and transfers	(6 902 298)	(4 142 665)
Appropriations and adjustments:	(9 711 708)	(22 611 754)
Transfer to Funds	-	(121 800)
	(16 614 006)	(26 876 219)
OPERATING DEFICIT BEFORE CHANGES IN WORKING CAPITAL		
CHANGES IN WORKING CAPITAL		
Decrease in trade and other receivables	377 968	14 500 360
Decrease in inventories	614 356	271 523
Increase in trade and other payables	2 225 869	1 990 382
	3 218 193	16 762 265
CASH UTILISED BY OPERATIONS	(13 395 813)	(10 113 954)

ANNEXURE 1

	Sedan vehicles		4x4 vehicles		Passenger		LDV & Combi's		Heavy vehicles (lorries & buses)	
	Number	Value	Number	Value	Number	Value	Number	Value	Number	Value
Balance on 01/07/2015										
Additions during the year										
Sub-total										
Depreciation disposal										
Balance on 30/06/2016										
Kilometres travelled										
Fuel consumption (total litres)										

Note

The required information was not provided.

MOTOR VEHICLE ACCIDENTS

Number	Authorized use					Unauthorized use				
	Damage to vehicles	Other expenditure	Recovered from third parties	Amounts written off	Number	Damage to vehicles	Other expenditure	Number	Amount	Written off
		N\$	N\$	Amount	N\$		N\$		Amount	Number
1. Accidents pending from previous year	-	-	-	-	-	-	-	-	-	-
2. Accident Reported	1	144 702	-	1	131 954	-	-	-	-	-
3. Vehicles repaired	1	144 702	-	1	131 954	-	-	-	-	-
4. Vehicles still to be repaired on 30/06/20...	-	-	-	-	-	-	-	-	-	-

Note

The difference between the total damage and the amount recovered from third parties is the insurance excess.

CLAIMS ARISING FROM ACCIDENTS

Claims against the municipality	Amount			Claims by the municipality	Amount		
	Number	Claimed	Settled paid N\$		Written off	Number	Claimed
1. Outstanding 01/07/2015	-	-	-	1. Outstanding 01/07/2015	-	-	-
2. Received 2015/16	-	-	-	2. Received 2015/16	1	144 702	131 702
3. Finalised	-	-	-	3. Finalised	1	144 702	131 702
4. Outstanding 30/06//2016	-	-	-	4. Outstanding 30/06/2016	-	-	-

Note

The difference between the amount claimed and the amount settled is the insurance excess.

