

**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE
MUNICIPALITY OF OTAVI
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2003**

1. INTRODUCTION

The accounts of the Municipality of Otavi for the year ended 30 June 2003 are being reported on in accordance with the provisions set out in the State Finance Act, 1991 (Act 31 of 1991) and the Local Authorities Act, 1992 (Act 23 of 1992).

The firm NC Tromp & Co. of Windhoek has been appointed in terms of Section 26 (2) of the State Finance Act, 1991, to audit the accounts of the Municipality on behalf of the Auditor-General and under his supervision.

2. FINANCIAL STATEMENTS

No meaningful financial statements could be provided to the auditors for the year under review. The attached statements do reflect some of the transactions, but the main purpose is to use the closing balances as at 30 June 2003 as opening balances for the financial year 2003/04.

3. SCOPE OF THE AUDIT

The Accounting Officer of the Municipality is responsible for the preparation of the financial statements and for ensuring the regularity of the financial transactions. It is responsibility of the Auditor-General to form an independent opinion, based on the audit, on those statements and on the regularity of the financial transactions included in them and to report his opinion to the National Assembly.

No complete financial statements could be prepared due to a fire in May 2003 which destroyed the records and as such no audit was carried out.

4. AUDIT FINDINGS

4.1 Two officials, one of the appointed audit firm and one of the Office of the Auditor-General, visited the Village Council on 2 November 2004. Their findings were as follows:

- a) There was no accounting system;
- b) There is no internal control system;
- c) No staff records or leave records could be provided to the officials on their request;
- d) No monthly bank and other reconciliation's were conducted;
- e) No asset register was available;
- f) No signed hard copies of minutes of Council and/or management meetings could be provided.
- g) The salary register reflects suspicious payments regarding overtime, standby allowances and inconvenience allowances. The validity of these payments could not be verified due to a lack of staff records.
- h) There was no supporting documentation because it was destroyed by the fire.

4.2 The police is currently trying to retrieve as much information as possible from the hard drives of the computers which were destroyed in the fire. Any useful information will then be included as adjustments in the 2003/04 financial year.

5. DISCLAIMED AUDIT OPINION

The accounts of the Municipality of Otavi for the financial year end 30 June 2003, could not be audited by the auditors in terms of Section 85 of the Local Authority act, 1992, read with Section 25 (1) (b) of the State Finance Act, 1991.

Due to the significance of the matters referred to in paragraph 4, I am unable to express an opinion for the year ended 30 June 2003 in the manner required by the Local Authorities Act, 1992, and the State Finance Act, 1991.

Windhoek, December 2004

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**