



REPUBLIC OF NAMIBIA



REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE
NATIONAL HERITAGE COUNCIL
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2012, 2013 AND 2014

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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 Heritage Council for the financial year ended 31 March 2012, 2013 and 2014, in terms of Article 127(2) of the Namibian Constitution. My report is transmitted to the Council in terms of Section 23(1)(b)(ii) of the National Heritage Act, 2004 (Act 27 of 2004) to be laid upon the Table of the National Assembly by the Minister of Youth, National Service, Sport and Culture in terms of Section 23(2) of the Act.

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

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

WINDHOEK, August 2016

**REPORT OF THE AUDITOR-GENERAL
ON THE ACCOUNTS OF THE NATIONAL HERITAGE COUNCIL
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2012, 2013 AND 2014**

1. REPORT ON THE FINANCIAL STATEMENTS

1.1 INTRODUCTION

The accounts of the National Heritage Council for the financial years ended 31 March 2012, 2013 and 2014 are being reported on in accordance with the provisions set out in terms of Section 23(1)(b)(ii) of the National Heritage Act, 2004 (Act 27 of 2004).

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

I certify that I have audited the accompanying financial statements of the National Heritage Council for the financial years ended 31 March 2012, 2013 and 2014. These financial statements comprise the following:

- Annexure A: Statement of Financial Position
- Annexure B: Statement of Financial Performance
- Annexure C: Cash Flow Statement
- Annexure D: Notes to the Financial Statements
- Annexure E: Detailed Statement of Financial Performance

The financial statements for the financial years ended 31 March 2012, 2013 and 2014 were submitted to the Auditor-General by the Accounting Officer in compliance with Section 22 (2) (a & b) of the National Heritage Act, 2004 (Act 27 of 2004).

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

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 22(2)(a&b) of the National Heritage Act, 2004 (Act 27 of 2004), 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.

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 sufficient and appropriate to provide a basis for the audit opinion.

4. ACKNOWLEDGEMENT

I would like to thank management and staff of the National Heritage Council for the assistance and cooperation rendered during the audit.

5. KEY AUDIT FINDINGS

5.1 Employee Cost

Variances amounting to N\$ 135 522 for 2012, N\$ 448 437 for 2013 and N\$ 560 470 for 2014 were found between the monthly payroll analysis reports and the general ledger. These variances could mainly be caused by the two accounting systems which are not interfaced.

Recommendation

It is recommended that the Council performs regular reconciliations to avoid misstatements.

5.2 Trade payables

It was observed that the Council failed to disclose trade payables amounting to N\$ 378 657 for 2012, N\$ 85 193 for 2013 and N\$ 309 127 for 2014. This is due to the Council's lack of processing its expense transactions on an accrual basis.

Recommendations

The Council is recommended to adhere to its financial reporting framework of GAAP, which requires expenditure to be recognized when they are incurred and not only when payment is made.

5.3 Entrance fee income

The auditors were unable to confirm the accuracy and completeness of entrance fees to the value of N\$ 400 000 for 2013 due to non-submission of supporting documents.

Recommendation

The Council is recommended to safeguard all supporting documents and provide them for audit purposes when requested.

5.4 SUNDRY INCOME (AFS ADJUSTMENTS)

Due to lack of documentation, the auditors were unable to confirm an amount of N\$ 427 122 for 2012 which was reflected in the general ledger as Annual Financial Statements adjustment.

Recommendation

The Council is recommended to safeguard all supporting documents and provide them for audit purposes when requested.

6. ADDITIONAL REPORTING RESPONSIBILITIES

OTHER MATTERS

Without expressing an audit opinion on the basis of this paragraph, and excluding matters already disclosed by the National Heritage Council in the financial statements I draw attention to the following other matter(s) that relate to my responsibility in the audit of the financial statements:

- **IT Internal Control:** The audit revealed that the Council makes use of a service provider to provide IT services to the Council; however the service level agreement was not submitted for audit purposes. It was also noted that the Council uses two accounting systems. These systems are not interfaced with the main system producing financial statements. The Council run backups, however these backups are saved on a memory stick and are stored on the Council's premises.
- **Property, Plant and Equipment:** The Council did not mark and record its assets with unique identification in the asset register.
- The auditors further found that the council processes its payments using the cash basis of accounting.

7. BASIS FOR QUALIFIED AUDIT OPINION

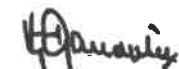
- Unexplained variances amounting to N\$ 135 522 for 2012, N\$ 448 437 for 201 and N\$ 560 470 for 2014;
- Understatement of trade payables amounting to N\$ 378 657 for 2012, N\$ 85 193 for 2013 and N\$ 309 127 for 2014;
- Non submission of supporting documentation to confirm an amount of N\$ 427 122 for 2012 which was reflected in the general ledger as AFS adjustment; and
- Non submission of supporting documents amounting to N\$ 400 000 for 2013 that relates to entrance fees.

8. QUALIFIED AUDIT OPINION

The accounts of the National Heritage Council for the financial year ended 31 March 2012, 2013 and 2014 were audited by me in terms of Section 27 of the National Heritage Act, 2004 read with Section 25 (1)(b) of the State Finance Act, 1991.

In my opinion, except for the possible effects of the matters described in the Basis for Qualified Audit Opinion paragraph, the financial statements present fairly, in all material respects the financial position of the National Heritage Council as at 31 March 2012, 2013 and 2014, and their financial performance and cash flows for the year then ended in accordance with Generally Accepted Accounting Practices.

WINDHOEK, August 2016



JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL

STATEMENT OF FINANCIAL POSITION FOR THE FINANCIAL YEAR ENDED 31 MARCH

	Notes	2014 N\$	2013 N\$	2012 N\$	2011 N\$
ASSETS					
Non-current assets		1 665 978	1 697 874	1 322 973	951 758
Property, plant and equipment	2	1 665 978	1 697 874	1 322 973	951 758
Current assets		23 448 757	10 227 809	9 384 377	4 079 573
Cash and cash equivalents	3	23 447 357	10 227 809	9 384 377	4 079 573
Trade Receivables	5	1 400	-	-	-
Total assets		25 114 735	11 925 683	10 707 350	5 031 331
CAPITAL, RESERVES AND LIABILITIES					
Funds		14 040 775	11 925 683	10 707 350	4 604 209
Accumulated surplus		14 040 775	11 925 683	10 707 350	3 917 551
Capital projects	4	-	-	-	686 658
Non-Current liabilities		11 073 960	-	-	427 122
Trade and other payables	6	-	-	-	427 122
Deffered income	7	11 073 960	-	-	-
Total equity and liabilities		25 114 735	11 925 683	10 707 350	5 031 331

STATEMENT OF FINANCIAL PERFORMANCE FOR THE FINANCIAL YEAR ENED 31 MARCH

	Notes	2014	2013	2012	2011
		N\$	N\$	N\$	N\$
Revenue		17 091 309	16 193 915	15 928 848	8 719 776
Other operating income		129 753	93 774	446 866	29 514
Total Income		17 221 062	16 287 689	16 375 714	8 749 290
Operating expenses		(15 488 620)	(15 334 146)	(10 434 267)	(7 405 288)
Operating (deficit)/surplus		1 732 442	953 543	5 941 447	1 344 002
Interest received	8	382 650	264 790	161 694	134 761
Net (deficit)/surplus for the year		2 115 092	1 218 333	6 103 141	1 478 763
Accumulated surplus at the beginning of the year		11 925 683	10 707 350	3 917 551	2 438 788
Adjusted for:					
Capital Projects		-	-	686 658	-
Accumulated surplus at the end of the year		14 040 775	11 925 683	10 707 350	3 917 551

CASH FLOW STATEMENT FOR THE FINANCIAL YEAR ENDED 31 MARCH

	Notes	2014	2013	2012	2011
		N\$	N\$	N\$	N\$
OPERATING ACTIVITIES					
Cash received from grants and entrance fees		17 219 662	16 287 689	16 375 714	8 847 779
Cash paid to suppliers and employees		15 247 830	15 160 975	10 733 249	7 070 838
Cash (utilised by)/generated from operations	9	1 971 832	1 126 714	5 642 465	1 776 941
Interest income		382 650	264 790	161 694	134 761
Cash (outflow)/inflow from operating activities		2 354 482	1 391 504	5 804 159	1 911 702
INVESTING ACTIVITIES					
Acquisitions of fixed assets		(208 894)	(548 072)	(499 355)	(669 709)
Cash outflow from investing activities		(208 894)	(548 072)	(499 355)	(669 709)
FINANCING ACTIVITIES					
Increase in project funding		11 073 960	-	-	-
Net cash (outflow) from financing activities		11 073 960	-	-	-
Net (decrease)/increase in cash and cash equivalents		13 219 548	843 432	5 304 804	1 241 993
Net cash and cash equivalents at the beginning of year		10 227 809	9 384 377	4 079 573	2 837 580
Net cash and cash equivalents at the end of the year		23 447 357	10 227 809	9 384 377	4 079 573

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 MARCH
2012, 2013 AND 2014**

1. ACCOUNTING POLICIES

The annual financial statements of the Council are compiled in accordance with the historical cost convention, modified by the restatement of financial instruments to fair value, except where otherwise stated.

The principal accounting policies set out below are consistent with those applied in the previous year.

1.1 Property, plant and equipment

Property, plant and equipment are stated at cost and are depreciation on the straight-line basis at rates appropriate to reduce it over its anticipated useful lives as follows:

- Camping equipment	20%
- Library books	20%
-Office equipment	20%
- Tools	10%
- Furniture and Fittings	15%
- Computer Equipment	20%

Land and Buildings are stated at revalued amount and are not depreciated.

1.2 Income/Revenue

Revenue comprises of grants received from the Government of Namibia, donations, entrance fees and interest received.

1.3 Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grants relates to an expense item, it is recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, the fair value is credited to a deferred income amount and is released to the income statement over the expected useful life to the relevant asset by equal annual instalments.

1.4 Financial instruments

Financial instruments carried on the balance sheet date include cash and bank balances, receivables, trade creditors, and borrowings. The particular recognition methods adopted are disclosed in the individual statements associated with each other.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH (Continued)

2. PROPERTY, PLANT & EQUIPMENT

2014	Land & Buildings	Motor Vehicles	Camping Equipment	Office Equipment	Tools & Equipment	Computer Equipment	Total
	N\$	N\$	N\$	N\$	N\$	N\$	N\$
Carrying amount 01/04/2013	817 573	678 784	-	102 695	39 001	59 821	1 697 874
At cost	817 573	845 691	22 764	449 583	95 731	378 915	2 610 257
Accumulated Depreciation	-	(166 907)	(22 764)	(346 888)	(56 730)	(319 094)	(912 383)
Additions	-	-	20 896	117 624	15 924	54 450	208 894
Current year charge	-	(169 138)	(4 179)	(42 966)	(4 654)	(19 853)	(240 790)
Carrying amount 31/03/2014	817 573	509 646	16 717	177 353	50 271	94 418	1 665 978
At cost	817 573	845 691	43 660	567 207	111 655	433 365	2 819 151
Accumulated Depreciation	-	(336 045)	(26 943)	(389 854)	(61 384)	(338 947)	(1 153 173)
2013	Land & Buildings	Motor Vehicles	Camping Equipment	Office Equipment	Tools & Equipment	Computer Equipment	Total
	N\$	N\$	N\$	N\$	N\$	N\$	N\$
Carrying amount 31/03/2012	817 573	377 392	-	87 769	-	40 239	1 322 973
At cost	817 573	411 700	22 764	408 473	55 231	346 444	2 062 185
Accumulated Depreciation	-	(34 308)	(22 764)	(320 704)	(55 231)	(306 205)	(739 212)
Additions	-	433 991	-	41 110	40 500	32 471	548 072
Current year charge	-	(132 599)	-	(26 184)	(1 499)	(12 889)	(173 171)
Carrying amount 31/03/2013	817 573	678 784	-	102 695	39 001	59 821	1 697 874
At cost	817 573	845 691	22 764	449 583	95 731	378 915	2 610 257
Accumulated Depreciation	-	(166 907)	(22 764)	(346 888)	(56 730)	(319 094)	(912 383)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH (Continued)

2012	Land & Buildings	Motor Vehicles	Camping Equipment	Office Equipment	Tools & Equipment	Computer Equipment	Total
	N\$	N\$	N\$	N\$	N\$	N\$	N\$
Carrying amount 01/04/2011	817 573	-	189	78 938	7 997	47 061	951 758
At cost	817 573	-	22 764	333 334	55 231	333 928	1 562 830
Accumulated Depreciation	-	-	(22 575)	(254 396)	(47 234)	(286 867)	(611 072)
Additions	-	411 700	-	75 139	-	12 516	499 355
Current year charge	-	(34 308)	(189)	(66 308)	(7 997)	(19 338)	(128 140)
Carrying amount 31/03/2012	817 573	377 392	-	87 769	-	40 239	1 322 973
At cost	817 573	411 700	22 764	408 473	55 231	346 444	2 062 185
Accumulated Depreciation	-	(34 308)	(22 764)	(320 704)	(55 231)	(306 205)	(739 212)
2011	Land & Buildings	Motor Vehicles	Camping Equipment	Office Equipment	Tools & Equipment	Computer Equipment	Total
	N\$	N\$	N\$	N\$	N\$	N\$	N\$
Carrying amount 01/04/2010	217 134	-	189	101 703	13 423	69 215	401 664
At cost	217 134	-	22 764	302 463	55 231	295 529	893 121
Accumulated Depreciation	-	-	(22 575)	(200 760)	(41 808)	(226 314)	(491 457)
Additions	600 439	-	-	30 871	-	38 399	669 709
Current year charge	-	-	-	(53 636)	(5 426)	(60 553)	(119 615)
Carrying amount 31/03/2011	817 573	-	189	78 938	7 997	47 061	951 758
At cost	817 573	-	22 764	333 334	55 231	333 928	1 562 830
Accumulated Depreciation	-	-	(22 575)	(254 396)	(47 234)	(286 867)	(611 072)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH
(Continued)

	2014	2013	2012	2011
	N\$	N\$	N\$	N\$
3. CASH AND CASH EQUIVALENTS				
Nedbank Namibia Limited - Current account	857 313	264 242	65 555	368 385
Nedbank Namibia Limited - Investment account	13 181 778	1 284 218	4 362 541	1 435 817
Standard Bank Namibia Limited - Call account	8 026 569	8 678 592	4 954 729	2 256 801
Nampost Limited - Current account	1 380 856	-	-	-
Petty Cash	841	757	1 552	18 570
	23 447 357	10 227 809	9 384 377	4 079 573
4. CAPITAL PROJECTS				
Eenhana capital project	-	-	-	(22 538)
Cost of new monuments and statues	-	-	-	586 018
Unveiling of statues	-	-	-	49 861
Inauguration of Twyfelfontein	-	-	-	1 017
Maintenance and restoration	-	-	-	71 735
Minor Works	-	-	-	3 125
Emblems, signs & road signs	-	-	-	(2 560)
	-	-	-	686 658
5. TRADE AND OTHER RECEIVABLES				
Trade Receivable	1 400	-	-	-
6. TRADE AND OTHER PAYABLES				
Creditors	-	-	-	313 322
Accounts payable- National Hritage Council	-	-	-	113 800
	-	-	-	427 122

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH
(Continued)

	2014	2013	2012	2011
	N\$	N\$	N\$	N\$
7. LONG – TERM LIABILITY				
American Project	24 285	-	-	-
Brandberg and Eenhana Projects	11 049 675	-	-	-
	11 073 960	-	-	-
8. INTEREST INCOME				
Interest received - banks	382 650	264 790	161 694	134 761
9. CASH FLOW STATEMENT				
Reconciliation of surplus of cash utilised by operations:				
Net surplus for the year	2 115 092	1 218 333	6 103 141	1 478 763
Adjustment for Depreciation	240 790	173 171	128 140	119 615
Interest received	(382 650)	(264 790)	(161 694)	(134 761)
Operating capital before working capital changes	1 973 232	1 126 714	6 069 587	1 463 617
Working capital changes:				
Increase/(decrease) in accounts payable	-	-	(427 122)	313 322
(Increase)/decrease in accounts receivable	(1 400)	-	-	-
	1 971 832	1 126 714	5 642 465	1 776 939

DETAILED INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH

	2014	2013	2012	2011
	N\$	N\$	N\$	N\$
REVENUE	17 091 309	16 193 915	15 928 848	8 719 776
Grant Income	10 061 745	8 019 000	11 004 000	5 109 000
Entrance Fee Income	6 181 430	5 390 814	4 013 820	2 903 667
Rental Income	56 600	52 200	90 600	75 600
MDG - Fund Project	720 404	2 386 101	689 414	631 509
Okombashe church project	46 130	345 800	131 014	-
American project	25 000	-	-	-
Other Income	512 403	358 564	608 560	164 275
Sundry Income	129 753	93 774	446 866	29 514
Interest Received	382 650	264 790	161 694	134 761
Total Revenue	17 603 712	16 552 479	16 537 408	8 884 051
EXPENDITURE				
40 % Shares payable to Twyfelfontein	1 031 288	1 173 780	1 215 995	602 585
50 % Shares payable to petrified forest	657 965	669 811	598 275	315 495
50 % Shares payable to brandberg	362 112	322 766	287 001	141 123
Advertising	66 012	52 977	37 089	-
American project	25 000	-	-	-
Bank Charges	115 281	96 167	76 324	64 532
Cleaning	253 915	238 049	201 120	142 774
Computer expenses	950	-	1 059	-
Consumables - Okombahe project	112 099	244 057	-	-
Council and committee expenses	260 715	156 260	95 962	68 363
Depreciation	240 790	173 171	128 140	119 615
Emblems, signs and road signs	-	3 312	-	-
Employee costs	6 628 798	5 544 645	4 412 752	3 552 409
Flight Services	151 219	35 312	22 690	32 871
Fuel and gas	7 601	28 201	13 633	24 790

DETAILED INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH (Continued)

	2014	2013	2012	2011
	N\$	N\$	N\$	N\$
Insurance	124 104	110 612	86 714	27 624
MDG Fund project	790 122	2 402 783	522 042	267 951
Motor vehicle expenses	249 953	131 142	126 356	83 968
Printing and stationery - receipt book	59 096	71 304	153 544	73 257
Postage	17 095	10 916	16 287	4 311
Professional and legal services	77 580	103 037	323 712	126 034
Promotions	119 570	454 478	102 994	112 241
Protective clothing	164 272	30 866	111 084	-
Repairs and maintenance	296 978	94 982	268 344	33 125
Royalties	30 000	18 000	12 000	42 000
Site maintenance and repair	101 000	1 308 610	-	-
Site management JMC expenses & casual	21 485	15 467	7 478	-
Subscription fees and renewal of licences	3 521	1 075	810	220
Security	171 489	202 954	230 793	203 204
Miscellaneous and contingency fund	-	-	-	21 536
Staff welfare	26 968	79 217	75 186	14 881
Refuse removal	123 286	114 262	69 873	49 464
Training	1 302 582	93 861	71 889	362 238
Merchandise for sale	169 764	127 734	16 220	9 200
Telephone and fax	134 123	161 396	179 111	147 067
Travel and accommodation	531 964	491 691	177 657	251 286
Vehicles lease costs	550	106 067	189 673	207 943
Water and electricity	1 059 375	465 184	602 460	303 181
Total expenses for the year	15 488 620	15 334 146	10 434 267	7 405 288
Surplus/(deficit) for the year	2 115 092	1 218 333	6 103 141	1 478 763