



REPUBLIC OF NAMIBIA



**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE
TOWN COUNCIL OF ONIIPA
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016 AND 2017**

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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 Town Council of Oniipa for the financial years ended 30 June 2016 and 2017 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, February 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
THE TOWN COUNCIL OF ONIIPA
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016 AND 2017**

1. REPORT ON THE FINANCIAL STATEMENTS

1.1 Introduction

This report on the accounts of the Oniipa Town Council for the financial years ended 30 June 2016 and 2017 is presented to the National Assembly in accordance with the Local Authorities Act, 1992 (Act 23 of 1992).

Figures in the report are rounded to the nearest Namibia dollar. Deficits are indicated in brackets.

I certify that I have audited the accompanying financial statements of the Oniipa Town Council for the financial years ended 30 June 2016 and 2017. These financial statements comprise of the following statements submitted for the year then ended:

Annexure A: Balance sheet

Annexure B: Income statement

Annexure C: Notes to the financial statements

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

The financial statements, notes to the financial statements provided by the Accounting Officer are attached as Annexure A-C.

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 87 (1) of the Local Authorities Act, (Act 23 of 1992), 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 qualified audit evidence I have obtained is sufficient and appropriate to provide a basis for the audit opinion.

4. ACKNOWLEDGEMENT

The courtesy and assistance extended to the Auditor-General and his staff members by the Oniipa Town Council's staff during the audit are appreciated.

5. KEY AUDIT FINDINGS

5.1 Depreciation

Auditors noted a difference of N\$ 134 810 (2016) and N\$ 213 162 (2017) between recalculated depreciation and depreciation charged as per the fixed asset register for financial years under review.

It was further noted that the Council does not have a depreciation policy in place.

Recommendation

It is recommended that the Council should develop a depreciation policy and ensure correct calculation of depreciation.

5.2 Working in progress (WIP)

It was noted that depreciation amounting to N\$ 138 409 was charged on work in progress in 2017 financial year.

Recommendation

It is recommended that the Council should only depreciate assets upon completion and ready to use as management intended.

5.3 Revenue

Council could not provide supporting documents to validate revenue amounting to N\$ 511 435 for 2016 financial year.

Recommendation

It is recommended that the Council provide all outstanding documents for audit purpose.

5.4 CIRCULAR D3 OF 2015

For the financial years under review, the Council did not prepare the Cash flow statements and Circular D3 statements.

Recommendation

It is recommended that the Council should submit completed sets of financial statements and its applicable notes.

5. BASIS FOR QUALIFIED AUDIT OPINION

- Non- submission of supporting documents for revenue to the value of N\$ 511 435; and

6. QUALIFIED AUDIT OPINION

The accounts of the Town Council of Oniipa for the financial year ended 30 June 2016 and 2017 summarised in Annexures A to C, were audited by me in terms of section 85 of the Local Authorities Act, 1992.

In my opinion, except for the possible effects of the matter described in the Basis for Qualified Audit Opinion paragraph, the financial statements present fairly, in all material respects the financial position of Oniipa Town Council as at 30 June 2016 and 2017, and their financial performance and cash flow for the year then ended.

WINDHOEK, February 2018



**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

ANNEXURE A

**TOWN COUNCIL OF ONIIPA
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE**

| | Note | 2017 N\$ | 2016 N\$ |
|---|------|-------------------|------------------|
| ASSETS | | | |
| Non-Current Assets | | 13 962 025 | 2 287 352 |
| Property, plant and equipment | 2 | 5 420 499 | 622 597 |
| Investments | 3 | 8 541 526 | 1 664 755 |
| Current Assets | | 1 969 293 | 488 143 |
| Trade and other receivables | 4 | 1 714 301 | - |
| Inventories | | 254 992 | - |
| Cash and Bank | 5 | - | 488 143 |
| TOTAL ASSETS | | 15 931 318 | 2 775 496 |
| FUNDS AND LIABILITIES | | | |
| Funds and Reserves | | 6 061 215 | 2 775 495 |
| Capital outlay | 6 | 5 420 499 | 622 597 |
| Accumulated surplus - Appropriate Account | | 640 716 | 2 152 898 |
| Non-Current Liabilities | | 7 000 000 | - |
| Long-term liabilities | | 7 000 000 | - |
| Current liabilities | | 2 870 102 | - |
| Trade and other payables | 8 | 2 870 102 | - |
| TOTAL FUNDS AND LIABILITIES | | 15 931 318 | 2 775 495 |

ANNEXURE B

TOWN COUNCIL OF ONIIPA

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEARS ENDED 30 JUNE

| | Note | 2017 N\$ | 2016 N\$ |
|--|------|--------------------|------------------|
| Income | 9 | 11 661 123 | 3 941 255 |
| Expenditure | 10 | 13 082 924 | 1 823 876 |
| OPERATING SURPLUS/(DEFICIT) FOR THE YEAR | | (1 421 801) | 2 117 379 |
| Interest on Investment | | 234 307 | 35 519 |
| NET SURPLUS/(DEFICIT) FOR THE YEAR | | (1 187 494) | 2 152 898 |
| Add : Appropriation Account | | | |
| Revenue Account Adjustment | | 640 716 | - |
| ACCUMULATED SURPLUS /(DEFICIT) FOR THE YEAR | | (546 778) | 2 152 898 |
| Revenue Account - Beginning Of Year | | 2 152 898 | - |
| Revenue Account - End Of Year | | 1 606 120 | 2 152 898 |

**TOWN COUNCIL OF ONIIPA
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED 30 JUNE**

1. ACCOUNTING POLICIES

1.1 Basis of presentation

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain property, plant and equipment, marketable securities and investment properties where appropriate.

1.2 Property, plant and equipment and depreciation

All plant and equipment are initially recorded at cost. Cost includes all costs directly attributable to bringing the assets to working condition for their intended use. All other plant and equipment are stated at historical cost or valuation where applicable.

Depreciation on property, plant and equipment is not calculated Pro- rata.

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash generating units are written down to their recoverable amount.

1.3 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of the cash flow statement, cash and cash equivalents comprise cash in hand, deposits held at call with banks, and investments in money marked instruments, net of bank overdrafts. In the balance sheet, bank overdrafts are included in current liabilities.

1.4 Internal Funds

The following Funds were created by the Town Council:

| | 2017 | 2016 |
|---|------------------|------------------|
| | N\$ | N\$ |
| 2. PROPERTY, PLANT AND EQUIPMENT | 5 420 499 | 622 597 |
| Income assets | 5 320 737 | 534 459 |
| General capital assets | 99 762 | 88 138 |
| 3. INVESTMENTS | 8 541 526 | 1 664 755 |
| Capital Development Fund | 7 000 000 | - |
| Investments | 1 541 526 | 1 664 755 |

TOWN COUNCIL OF ONIIPA
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED 30 JUNE
(continue)

| | 2017 | 2016 |
|---------------------------------------|-------------------|------------------|
| | N\$ | N\$ |
| 4. TRADE AND OTHER RECEIVABLES | 1 714 301 | - |
| Consumer Debtors | 936 439 | - |
| Temporary advance revenue | - | - |
| Sundry Debtors | - | - |
| VAT - Inland Revenue | 1 125 349 | - |
| Provision for bad debts | (347 488) | - |
| 5. CASH AND BANK BALANCES | 6 | 488 143 |
| Current bank account | - | 488 143 |
| Petty cash | 6 | - |
| 6. CAPITAL OUTLAY | 5 420 499 | 622 597 |
| Revenue contributions | 5 320 737 | 534 459 |
| General Capital contributions | 99 762 | 88 138 |
| 7. FUNDS AND ACCOUNTS | 7 000 000 | - |
| Capital Development Fund | 7 000 000 | - |
| 8. TRADE AND OTHER PAYABLES | 2 870 102 | - |
| Sundry Creditors | 60 585 | - |
| Consumer Deposits | 349 572 | - |
| Provision Personal Benefits | 158 611 | - |
| Accrued creditors | 1 530 727 | - |
| Bank Overdraft | 770 607 | - |
| 9. INCOME | 11 490 287 | 3 941 255 |
| General Expense | 1 093 740 | 3 941 255 |
| Chief Executive Officer | 500 000 | - |
| Finance | 234 307 | - |
| Emergency Services | 150 000 | - |
| Technical | 3 717 136 | - |
| Cemetery | 300 922 | - |
| Human Resources | 228 140 | - |
| Cleaning services | 2 882 619 | - |
| Sewerage | 11 772 | - |
| Water supply | 2 371 651 | - |

TOWN COUNCIL OF ONIIPA
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED 30 JUNE
(continue)

| | 2017 | 2016 |
|-------------------------|-------------------|--------------------|
| | N\$ | N\$ |
| 10. EXPENDITURE | 13 082 924 | (1 823 876) |
| General Expense | 1 138 095 | (1 823 876) |
| Chief Executive Officer | 1 170 836 | - |
| Finance | 1 750 553 | - |
| Technical | 2 971 473 | - |
| Human Resources | 548 144 | - |
| Assessments rates | 133 164 | - |
| Fire Brigade | 6 762 | - |
| Cleaning services | 2 307 036 | - |
| Sewerage | 588 237 | - |
| Water supply | 2 468 624 | - |

