



REPUBLIC OF NAMIBIA



REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE VILLAGE COUNCIL OF BETHANIE

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

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TO THE HONOURABLE SPEAKER OF THE NATIONAL ASSEMBLY

I have the honour to submit herewith my report on the accounts of the Village Council of Bethanie for the financial year ended 30 June 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, May 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 VILLAGE COUNCIL OF BETHANIE
FOR THE FINANCIAL YEAR ENDED
30 JUNE 2017**

1. Report on the Financial Statements

1.1 INTRODUCTION

The accounts of the Village Council of Bethanie for the financial year ended 30 June 2017 are being reported on in accordance with the provisions set out in Section 85 of the Local Authorities Act, 1992 (Act 23 of 1992).

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 Bethanie Village Council for the financial year ended 30 June 2017. These financial statements comprise the following:

Annexure A: Statement of financial position
Annexure B: Statement of comprehensive income
Annexure C: Notes to the financial statements

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

The financial statements and 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 1992, (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 of 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 not sufficient and appropriate to provide a basis for the audit opinion.

4. ACKNOWLEDGEMENT

The assistance and co-operation by the staff of the Village Council of Bethanie during the audit is appreciated.

5. KEY AUDIT FINDINGS

5.1 TRADE RECEIVABLES

The Council could not provide the auditors with advance list to support the amount of N\$ 958 058 and N\$ 5 112 570 for temporary advance and housing debtors disclosed in the financial statements respectively. Furthermore, the repayments from customers were used for operational activities.

RECOMMENDATION

It is recommended that the Council should ensure that all supporting documents are provided for audit purposes. Furthermore, the repayment amount should be invested in the fund and not used for operations.

5.2 PROVISION FOR BAD BEBTS

The Council could not provide the auditors with a debtor's policy to verify an amount of N\$ 5 926 234 reported in the annual financial statements.

RECOMMENDATION

It is recommended that the Council ensure that supporting documentations are provided for audit purposes.

5.3 TRADE PAYABLES

A difference of N\$ 1 449 344 was observed between the Financial Statement and Statement from Nampower, resulting in the understatement of trade payables.

RECOMMENDATION

It is recommended that the Council should ensure that proper reconciliation for trade creditors is done at all time.

5.4 LONG TERM LOANS

The Council could not provide the auditors with supporting documents to substantiate the amount of N\$ 228 058 and N\$ 2 073 790 relating to external loans and GRN interest respectively as disclosed in the financial statements.

RECOMMENDATION

It is recommended that the Council should ensure that all supporting documents are provided for audit purposes.

5.5 CIRCULAR D3/2015

The Chief Executive of the Village Council did not submit the Circular D3/2015 as required by the Auditor-General.

RECOMMENDATION

It is recommended that the Chief Executive Officer should submit all annual statements to the Auditor-General including those required by Circular D3/2015 of the Auditor-General.

5.6 CASH FLOW STATEMENT

The Council did not prepare a Cash flow statement to the financial statements for the year under review.

RECOMMENDATION

Council should disclose the cash flow statement in the financial statements.

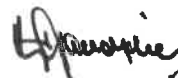
6. BASIS FOR DISCLAIMED AUDIT OPINION

- No supporting documents amounting to N\$ 5 926 234 for the provision for bad debts;
- Non-submission of Build Together Debtors list amounting to N\$ 5 112 570;
- No supporting evidence for interest on Government loans of N\$ 2 073 790;
- Understatement of trade payables by the amount of N\$ 1 449 344; and
- Non-submission of Buid Together advance list amounting to N\$ 958 058.

7. DISCLAIMED AUDIT OPINION

The accounts of the Village Council of Bethanie for the financial year ended 30 June 2017 summarised in Annexures A to C were audited by me in terms of Section 85 of the Local Authorities Act, 1992 (Act 23 of 1992), read with Section 25 (1) (b) of the State Finance Act, 1991(Act 31 of 1991).

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 financial statements.



WINDHOEK, May 2018

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

VILLAGE COUNCIL OF BETHANIE
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE

	Note	2017	2016
		N\$	N\$
NON CURRENT ASSETS			
Property, Plant and Equipment		14 784 443	14 788 747
Investment	2	14 402 129	14 494 835
		382 314	293 912
CURRENT ASSETS			
Trade and other receivables	3	7 532 738	7 072 901
Inventory-Livestock		6 670 738	6 480 901
		862 000	592 000
TOTAL ASSETS		22 317 181	21 861 648
FUNDS AND LIABILITIES			
FUNDS AND RESERVES			
Capital outlay	4	14 524 440	14 475 050
Funds and Accounts	5	14 174 071	14 249 384
		350 369	225 666
NON-CURRENT LIABILITIES			
Long-term liabilities		228 058	245 451
		228 058	245 451
CURRENT LIABILITIES			
Trade and other payables	6	7 564 683	7 141 147
Bank overdraft		6 752 875	6 623 242
		811 808	517 905
TOTAL FUNDS AND LIABILITIES		22 317 181	21 861 648

VILLAGE COUNCIL OF BETHANIE
STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE

		2017	2016
	Note	N\$	N\$
Income		10 293 017	10 505 790
Expenditure		(12 377 407)	(11 719 534)
Net operating deficit		(2 084 390)	(1 213 744)
Interest on investment		2 762	1 703
Net deficit after interest		(2 081 628)	(1 212 041)
Appropriation account	7	1 983 305	156 672
Net surplus/(deficit) for the year		(98 323)	(1 055 369)

**VILLAGE COUNCIL OF BETHANIE
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2017**

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 cost directly attributable to bringing the assets to working condition for their intended use. All other plant and equipment are stated carrying value or valuation where applicable. Depreciation is calculated to write off the assets over their useful life.

1.3 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. In the balance sheet, bank overdrafts are included in current liabilities.

1.4 Internal Funds

The following Funds were created by the Village Council:

1.4.1 Capital Reserve Fund

The purpose of this Fund is to provide for replacement of movable assets.

1.4.2 Housing Fund

The purpose of this Fund is to provide for housing loans. Income to this Fund is transferred from the general income account, external loans from Government and interest on investments and loans.

VILLAGE COUNCIL OF BETHANIE
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE (Continued)

	2017	2016
	N\$	N\$
2. INVESTMENTS	382 314	293 912
Build Together Fund	123 350	116 440
Capital Reserve Fund	258 964	117 472
3. TRADE AND OTHER RECEIVABLES	6 670 738	6 480 901
Services	7 237 613	6 530 994
Consumer deposit	(36 461)	(31 727)
Build Together Debtors	5 112 570	5 232 054
Receiver of Revenue-VAT	280 750	128 291
Suspense Account	2 500	98 544
Provision for bad debts	(5 926 234)	(5 477 255)
4. CAPITAL OUTLAY	14 174 071	14 249 384
Loans redeemed	170 542	153 149
Revenue contribution	10 074 771	9 880 456
General Capital contributions	3 928 758	4 215 779
5. FUNDS AND ACCOUNTS	350 369	225 666
Capital Reserve Fund	1 327 266	1 327 266
Student Loan Fund	12 853	12 853
Build Together Fund	6 193 978	5 970 950
Revenue account	(7 183 727)	(7 085 403)
6. TRADE AND OTHER PAYABLES	6 752 875	6 623 242
Trade payables	1 810	109 352
Other payables	4 089 253	3 872 570
Provisions	588 022	609 145
Arrear instalments on Government loans	2 073 790	2 032 175
7. ADJUSTMENTS TO APPROPRIATION ACCOUNT	1 983 305	156 672
Bad debts recovered	-	43 676
Prior year adjustments	3 016 295	955 433
Provision for bad debts	(448 980)	(842 432)
Expenditure adjustment	(584 010)	-