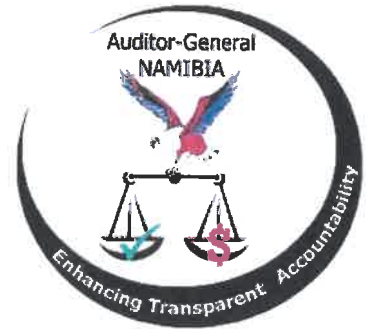




REPUBLIC OF NAMIBIA



**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE
VILLAGE COUNCIL OF WITVLEI
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018**

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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 Village Council of Witvlei for the financial year ended 30 June 2018, 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.

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

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

WINDHOEK, June 2019

**REPORT OF THE AUDITOR-GENERAL
ON THE ACCOUNTS OF THE VILLAGE COUNCIL OF WITVLEI
FOR THE YEAR ENDED 30 JUNE 2018**

1. QUALIFIED AUDIT OPINION

I have audited the financial statements of the Village Council of Witvlei for the financial year ended 30 June 2018, provided by the Accounting Officer as attached in Annexure A and B. These financial statements comprise the Balance Sheet and Income Statement.

In my opinion, except for the effects of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Village Council of Witvlei for the financial year ended 30 June 2018 and its financial performance.

2. BASIS FOR QUALIFIED AUDIT OPINION

I conducted my audit in accordance with International Standards for Supreme Audit Institutions; my responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the entity in accordance with the Code of Ethics for Supreme Audit Institutions together with the ethical requirements that are relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements and the Code of Ethics.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion. A qualified audit opinion is being expressed due to the following:

- Recognition of expenditure on cash basis;
- Unrecorded expenditure amounting to N\$ 121 573;
- No asset register exists;
- No depreciation policy exists;
- Wrong classification amounting to N\$ 701 311;
- Claims are not submitted after trips undertaken;
- A wrong tariff for refuse removal was used;
- Non supporting document for revenue amounting to N\$ 675 723;
- A difference of N\$ 517 536 between the financial statements and the debtors age analysis;
- Late submission of value added tax (VAT) returns;
- No provision for bonus;
- No accounting policy and reporting framework; and
- The cash flow statement and the notes to the financial statements were not provided.

3. KEY AUDIT MATTERS

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters. I have determined that there are no key audit matters identified in respective of the financial statement for the Village Council of Witvlei.

4. OTHER INFORMATION

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, My responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information; I am required to report that fact. I have nothing to report in this regard.

5. RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with General Accepted Accounting Principles and legislation, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible of overseeing the entity's financial reporting process.

6. AUDITOR'S RESPONSIBILITY FOR THE AUDIT OF THE FINANCIAL STATEMENTS

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs), will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the International Standards for Supreme Audit Institutions, I exercise professional scepticism throughout the audit, I also;

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence, obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
- I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.
- From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my report unless law or regulation precludes public disclosure about the matter or, when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

7. REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS (COMPLIANCE)

NON-COMPLIANCE TO THE PUBLIC PROCUREMENT ACT, (ACT NO. 15 OF 2015)

7.1 Constitution of internal organisational structures

The auditors observed that the Accounting Officer did not established internal structures in consultation with the Policy Unit as stated in the Public Procurement Regulations, Sections 11, 12 and 13.

Impact

Failure to establish internal organisational structures in consultation with the Policy Unit can result in an incorrect constitution of the required internal structures.

11. (1) An Accounting Officer, pursuant to subsection (1) (a) of Section 25 of the Act and subject to subsection (2) of that Section, must constitute a procurement committee after consultation with the Policy Unit.

12. (1) The Accounting Officer, pursuant to subsection (1) (a) of Section 25 of the Act and subject to subsection (2) of that Section, must constitute a procurement management unit after consultation with the Policy Unit.

13. Subject to Section 26 of the Act, the Accounting Officer, when establishing an ad hoc bid evaluation committee under that Section, must appoint not less than three and not more than seven members as members of the bid evaluation committee, after consultation with the Policy Unit.

Conclusion on the Subject Matter

The Office of the Auditor-General has conducted a compliance audit of the Village Council of Witvlei on the compilation of the internal structures of the Public Procurement Act, 2015 (No. 15 of 2015). The evidence obtained during the audit portrays non-compliance to the Public Procurement Act, 2015 (No. 15 of 2015).

8. ACKNOWLEDGEMENTS

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



WINDHOEK, June 2019

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

VILLAGE COUNCIL OF WITVLEI

STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 30 JUNE

	2018	2017
	N\$	N\$
ASSETS		
NON CURRENT ASSETS	10 728 533	11 358 133
Property plant and equipment	9 973 709	10 336 646
Investments	754 824	1 021 487
CURRENT ASSETS	15 745 285	9 022 982
Trade and other receivables	15 195 306	8 515 588
Petty Cash	291	2 577
Cash and Bank	549 688	504 817
TOTAL ASSETS	26 473 818	20 381 115
FUNDS AND LIABILITIES		
FUNDS AND RESERVES	16 148 050	11 930 486
Appropriation Account	1 229 470	(200 118)
Capital outlay	8 770 833	9 133 770
Funds and accounts	6 147 747	2 996 834
NON-CURRENT LIABILITIES	1 257 379	1 257 380
Long-term liabilities	1 257 379	1 257 380
CURRENT LIABILITIES	9 068 389	7 193 249
Trade and other payables	9 068 389	7 193 249
TOTAL FUNDS AND LIABILITIES	26 473 818	20 381 115

ANNEXURE B

VILLAGE COUNCIL OF WITVLEI

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE

	2018	2017
	N\$	N\$
Income	9 291 640	13 493 930
Expenditure	(9 002 926)	(9 746 082)
Net operating profit	288 714	3 747 848
Investment income earned for revenue account	43 909	71 158
Net profit for the year after interest	332 623	3 819 006
Adjustment Service Debtor	291 292	(2 340 312)
Provision Bad Debt	-	(6 450 000)
Provision leave Reserve	(244 000)	(200 000)
CRF Transferred	-	8 006
VAT Refund	-	2 149 182
Revenue Unknown	(505 360)	-
Previous year adjustment	(2 555 834)	-
Trial balance Adjustment	(8)	-
Consumer Deposit Written Back	10 490	-
VAT Adjustment	84 339	-
Provision Written back	4 016 045	-
Net surplus after appropriations	1 429 587	(3 014 119)
REVENUE ACCOUNT - Beginning of year	(200 118)	2 814 001
REVENUE ACCOUNT - End of year	1 229 469	(200 118)