



REPUBLIC OF NAMIBIA



**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE
VILLAGE COUNCIL OF KALKRAND
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 Kalkrand 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.

WINDHOEK, December 2019

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
KALKRAND VILLAGE COUNCIL
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018**

1. ADVERSE OF AUDIT OPINION

I have audited the financial statements of the Kalkrand Village Council for the financial year ended 30 June 2018. These financial statements comprise the balance sheet, income statement, cash flow, and notes to the annual financial statements for the year then ended.

In my opinion, because of the significance of the matters discussed in the basis for Adverse Opinion paragraph, the financial statements do not present fairly, in all material respects, the financial position of Kalkrand Village Council as at 30 June 2018.

2. BASIS FOR ADVERSE OF 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. An adverse audit opinion is being expressed due to the following:

- No acceptable Financial Reporting Framework;
- Unexplained adjustments amounting to N\$ 3 304 465 and N\$ 1 081 802 made to appropriation account;
- Depreciation amounting to N\$ 3 275 881 not charged to Income Statement;
- Water bulk purchases were overstated with N\$ 2 046 001;
- Electricity bulk purchases were understated with N\$ 1 057 536; and
- Incorrect tariffs used on municipal Services.

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 nothing to report in this regard.

4. OTHER MATTERS

Attention is drawn to the management on the following matter(s) that relate to my responsibility in the audit of the financial statements, and excluding matters already disclosed by the Kalkrand Village Council in the financial statements: I have nothing to report in this regard.

5. OTHER INFORMATION

Management is responsible for the other information. My opinion on the financial statements does not cover the other information and, accordingly, I do not express any form of assurance conclusion thereon. In connection with my 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 my knowledge obtained in the audit or otherwise appears to be materially misstated.

I have nothing to report in this regard.

6. 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 Section 86 of Local Authority Act, 1992 and other relevant legislation, 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.

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 for overseeing the entity's financial reporting process.

7. 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 a 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, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

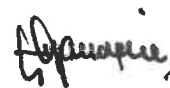
As part of an audit in accordance with the International Standards for Supreme Audit Institutions, I exercise professional scepticism throughout the audit, I also;

- 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 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 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.

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

The accounts were submitted later than required by the Accounting Officer to the Auditor-General on the 23 November 2017 in terms of Section 87(1) of the Local Authorities Act, 1992, instead of three (3), months after year end.



**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

WINDHOEK, December 2019

**VILLAGE COUNCIL OF KALKRAND
BALANCE SHEET AT 30 JUNE**

ANNEXURE A

	Note	2018 N\$	2017 N\$
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		43 103 166	32 593 399
Investments	1	5 855 339	5 956 940
CURRENT ASSETS			
Trade and other receivables	2	2 437 923	4 066 797
Cash on hand	3	165 810	1 000
TOTAL ASSETS		51 562 238	42 618 136
FUNDS AND LIABILITIES			
FUNDS AND RESERVES			
Capital outlay	4	43 103 166	32 593 399
Funds and accounts	5	3 880 007	3 725 955
CURRENT LIABILITIES			
Bank Overdraft	3		580 961
Trade and other payables	6	4 579 065	5 717 821
TOTAL FUNDS AND LIABILITIES		51 562 238	42 618 163

ANNEXURE B**VILLAGE COUNCIL OF KALKRAND
INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE**

	2018	2017
	N\$	N\$
Income	29 280 625	30 074 188
Expenditure	(27 219 614)	(24 236 359)
Net operating surplus/(deficit)	2 061 011	5 837 829
Interest received	202 395	141 728
Net surplus (deficit)/ for the year	2 263 406	5 979 557

ANNEXURE C

**VILLAGE COUNCIL OF KALKRAND
CASHFLOW STATEMENT FOR THE YEAR ENDED 30 JUNE**

	2018	2017
Note	N\$	N\$
CASH FLOW FROM OPERATING ACTIVITIES		
Cash receipts from customers	29 280 625	30 074 188
Cash paid to suppliers	(28 749 764)	(26 155 965)
Investment income	202 395	141 728
Net cash flows from operating activities	733 256	4 059 951
CASH FLOW FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	10 509 767	14 796 754
Decrease/(Increase) in investments	101 601	(4 146 708)
Net cash flows from investing activities	10 611 368	10 650 046
CASH FLOW FROM FINANCING ACTIVITIES		
(Decrease)/Increase in Fund account	113 309	67 769
Increase in Capital outlay	(10 509 767)	(14 796 754)
Net cash flows from financing activities	(10 396 458)	(14 728 985)
Net (Decrease)/Increase In Cash and Cash Equivalents	745 771	*(160 716)
Cash And Cash Equivalents - Beginning of Year	(579 961)	(535 642)
Cash And Cash Equivalents - End of Year	165 810	*(696 358)

3

* Figures were wrongly cross casted.

ANNEXURE D

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

	2018	2017
	N\$	N\$
1. INVESTMENTS		
	5 855 339	5 956 940
Renewal fund	167 206	167 206
Capital Reserve	2 264	2 263
Revenue	3 144 400	3 291 203
Build Together Fund	113 278	68 077
Fixed Property Fund	2 428 191	2 428 191
2. TRADE AND OTHER RECEIVABLES		
	2 437 923	4 066 797
Consumer Debtors	9 399 812	7 858 298
Build Together Fund	1 319 349	1 422 142
Sundry receivables	88 325	88 325
VAT	726 431	2 548 895
Provision for bad debts	(9 095 995)	(7 850 863)
3. CASH AND CASH EQUIVALENTS		
	165 810	(579 961)
Cash on hand	1 000	1 000
Current bank account	164 810	(580 961)

ANNEXURE D

VILLAGE COUNCIL OF KALKRAND

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE (continued)**

	2018	2017
	N\$	N\$
4. CAPITAL OUTLAY	43 103 166	32 593 399
Revenue contributions	43 103 162	32 569 887
General Capital contributions	4	23 512
5. FUNDS AND ACCOUNTS	3 880 007	3 725 955
Capital Reserve Fund	2 263	2 263
Renewal Fund	167 206	167 206
Build Together Fund	1 679 499	1 566 190
Fixed Property Fund	2 428 191	2 428 191
Revenue account kept in compliance with Section 86(1) of the Local Authorities Act, 1992.	(397 152)	(437 895)
6. TRADE AND OTHER PAYABLES	4 579 064	5 717 821
Consumer deposits	350	2 115
Suspense accounts	1 170 626	998 887
Provisions	3 408 088	4 716 819