



**REPUBLIC OF NAMIBIA**



**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE**

# **VILLAGE COUNCIL OF MALTAHÖHE**

**FOR THE FINANCIAL YEARS ENDED 30 JUNE 2009, 2010 AND 2011**

Published by authority

Price (Vat excluded) N\$ 21.77  
Report no 2019

**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 Maltahöhe for the financial years ended 30 June 2009, 2010 and 2011, 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, September 2012**

**JUNIAS ETUNA KANDJEKE  
AUDITOR-GENERAL**

**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE  
VILLAGE COUNCIL OF MALTAHÖHE  
FOR THE FINANCIAL YEARS ENDED 30 JUNE 2009, 2010 AND 2011**

---

**1. INTRODUCTION**

The accounts of the Village Council of Maltahöhe for the years ended 30 June 2009, 2010 and 2011 are being reported on in accordance with the provisions set out in the State Finance Act, 1991 ( Act 31 of 1991) and the Local Authorities Act, 1992 ( Act 23 of 1992).

The firm Mostert Landgrebe of Windhoek has been appointed in terms of Section 26 (2) of the State Finance Act, 1991, to audit the accounts of the Village Council on behalf of the Auditor-General and under his supervision.

Figures in the report are rounded off to the nearest Namibia Dollar.

**2. FINANCIAL STATEMENTS**

The Village 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, **except that they were only finalised and signed at 18 January 2012 instead of three months after the year-end as required by the Act.** The audited financial statements are in agreement with the statements that are filed in the Office of the Auditor-General. No balance sheet was presented for audit purposes.

The financial statements only include an abridge income statement.

**3. SCOPE OF THE AUDIT**

***Management's responsibility for the financial statements***

The Accounting Officer of the Village Council is responsible for the preparation and fair presentation of these financial statements and for ensuring the regularity of the financial transactions. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

***Auditor's responsibility***

It is the responsibility of the Auditor-General to form an independent opinion, based on the audit, on those statements and on the regularity of the financial transactions included in them and to report his opinion to the National Assembly. The said firm conducted the audit in accordance with International Standards on Auditing. Those standards require that the firm comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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.

#### 4. AUDIT OBSERVATION AND COMMENTS

##### 4.1 Internal control and accounting records

There were no sufficient system of internal control and proper accounting records for the years under review at the Village Council on which the auditors could rely upon for audit purposes.

##### 4.2 Books of accounting

No cash-books or general ledgers or trial balances were available for the years under review for audit purposes. The auditors were thus unable to draw any audit tests to verify the validity or completeness of income and expenses.

##### 4.3 Balance sheets

No balance sheets for the years under review were available for audit purposes.

#### 5. ACKNOWLEDGEMENT

I thank the staff of the Village Council for the assistance and co-operation given to my representatives during the audit.

#### 6. FINANCIAL RESULTS

The results of the operations of, and transactions on the Revenue account for the year were as follows:

	Revenue	Expenditure	Surplus/ (Deficit)	Balance
	N\$	N\$	N\$	N\$
Accumulated surplus 01/07/2010				(3 043 244)
<b>General accounts</b>				
- Non-profitable	228 617	613 988	(385 371)	
- Self-supporting	396 413	29 179	367 234	
<b>Trade accounts</b>				
- Water	108 256	19 915	88 341	
- Electricity	1 146 923	782 399	364 524	
Deficit for the year	1 880 209	1 445 481	434 728	434 728
Accumulated deficit 30/06/2011				<b>(2 608 516)</b>

	Revenue	Expenditure	Surplus/ (Deficit)	Balance
	N\$	N\$	N\$	N\$
Accumulated surplus 01/07/2009				(2 277 529)
<b>General accounts</b>				
- Non-profitable	548 242	1 919 632	(1 371 390)	
- Self-supporting	203 693	50 883	152 810	
<b>Trade accounts</b>				
- Water	108 256	19 915	88 341	
- Electricity	1 146 923	782 399	364 524	
Deficit for the year	2 007 114	2 772 829	(765 715)	(765 715)
Accumulated deficit 30/06/2010				<b>(3 043 244)</b>

	<b>Revenue</b>	<b>Expenditure</b>	<b>Surplus/ (Deficit)</b>	<b>Balance</b>
	N\$	N\$	N\$	N\$
Accumulated surplus 01/07/2008				(2 938 223)
<b>General accounts</b>				
- Non-profitable	770 974	1 510 792	(739 818)	
- Self-supporting	184 368	25 352	159 016	
<b>Trade accounts</b>				
- Water	270 957	59 225	211 732	
- Electricity	1 665 909	636 145	1 029 764	
Deficit for the year	2 892 208	2 231 514	660 694	660 694
Accumulated deficit 30/06/2009				<b>(2 277 529)</b>

## 7. CURRENT BANK ACCOUNT

No bank reconciliation was available for audit purposes for the years under review.

## 8. INVESTMENTS AND INTEREST PROCEEDS

No investments or reconciliation was available for audit purposes for the years under review.

## 9. FUND ACCOUNTS

No balance sheets for the years under review were available for audit purposes.

## 10. TRADE ACCOUNTS

### 10.1 The results of operations were as follows:

	<b>Electricity</b>		<b>Water</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
	N\$	N\$	N\$	N\$
Sales	1 138 088	1 138 088	107 474	107 474
Cost of sales	(761 723)	(761 723)	(19 255)	(19 255)
Gross profit/(loss)	376 365	376 365	88 219	88 219
Net expenditure	(11 841)	(11 841)	122	122
<b>Net deficit</b>	<b>364 524</b>	<b>364 524</b>	<b>88 341</b>	<b>88 341</b>
Gross profit/(loss) percentages on sales	33.1%	33.1%	82.1%	82.1%
Net profit/(loss) percentage on sales	32.0%	32.0%	82.2%	82.2%

	Electricity		Water	
	2010	2009	2010	2009
	N\$	N\$	N\$	N\$
Sales	1 138 088	1 338 209	107 474	270 957
Cost of sales	(761 723)	(628 958)	(19 255)	-
Gross profit/(loss)	376 365	709 251	88 219	270 957
Net expenditure	(11 841)	320 513	122	(59 225)
<b>Net deficit</b>	<b>364 524</b>	<b>1 029 764</b>	<b>88 341</b>	<b>211 732</b>
Gross profit/(loss) percentages on sales	33.1%	53.0%	82.1%	100.0%
Net profit/(loss) percentage on sales	32.0%	77.0%	82.2%	78.1%

	Electricity		Water	
	2009	2008	2009	2008
	N\$	N\$	N\$	N\$
Sales	1 338 209	1 456 931	270 957	627 407
Cost of sales	(628 958)	(301 241)	-	(110 000)
Gross profit/(loss)	709 251	1 155 690	270 957	517 407
Net expenditure	320 513	(6 939)	(59 225)	(16 329)
<b>Net deficit</b>	<b>1 029 764</b>	<b>1 148 751</b>	<b>211 732</b>	<b>501 078</b>
Gross profit/(loss) percentages on sales	53.0%	79.3%	100.0%	82.5%
Net profit/(loss) percentage on sales	77.0%	78.8%	78.1%	79.9%

## 10.2 Water distribution results, in cubic meters

No statistics were kept by the Village Council to calculate the distribution losses for the years under review. The Village Council, in future, must record the cubic meters sold and purchased to calculate distribution losses.

## 10.3 Electricity distribution results, in kilowatt

No statistics were kept by the Village Council to calculate the distribution losses for the years under review. The Village Council, in future, must record the kilowatt sold and purchased to calculate distribution losses.

## 11. SELF SUPPORTING SERVICES

### 11.1 The result for the year under review is as follows:

	2011	2010	2009	2008
	N\$	N\$	N\$	N\$
Cleansing services	367 234	152 810	<b>159 016</b>	<b>55 629</b>

## 12. FRUITLESS, UNAUTHORIZED OR AVOIDABLE EXPENDITURE

Due to the lack of internal control, no comment regarding these expenses is presented for the years under review.

### **13. SUSPENSE ACCOUNTS**

Due to the lack of internal control, no comment regarding these expenses is presented for the years under review.

### **14. IRREGULARITIES AND LOSSES**

Due to the lack of internal control, no comment regarding these items is presented for the years under review.

### **15. CAPITAL PROJECTS**

No balance sheets or capital statements for the years under review were available for audit purposes.

### **16. BURSARIES**

Due to the lack of internal control, no comment regarding these expenses is presented.

### **17. CONTRIBUTIONS, GRANTS AND FINANCIAL AID**

Due to the lack of internal control, no comment regarding these expenses is presented for the years under review.

### **18. COMPENSATION PAYMENTS**

Due to the lack of internal control, no comment regarding these expenses is presented for the years under review.

### **19. VISITS TO FOREIGN COUNTRIES**

Due to the lack of internal control, no comment regarding these expenses is presented for the years under review.

### **20. CLAIMS AGAINST THE LOCAL AUTHORITY**

Due to the lack of internal control, no comment regarding these expenses is presented for the years under review.

### **21. GIFTS/DONATIONS BY THE LOCAL AUTHORITY**

Due to the lack of internal control, no comment regarding these expenses is presented for the years under review.

### **22. TRANSFER OF PROPERTY**

Due to the lack of internal control, no comment regarding these expenses is presented for the years under review.

### **23. TRADE AND OTHER RECEIVABLES/PAYABLES**

#### **23.1 Trade and other receivables**

No balance sheets for the years under review were available for audit purposes.

#### **23.2 Trade and other payables at 30 June were:**

	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>
	N\$	N\$	N\$	N\$
Trade payables	<b>4 054 463</b>	<b>2 386 419</b>	<b>1 668 044</b>	<b>740 763</b>

The above figures were given to the auditors by the Council. No reconciliations of trade and other payables were available for audit purposes, and the auditors were thus unable to verify the correctness and completeness of trade and other payables. No test on unrecorded liabilities could be performed as no books of accounting were available for audit purposes.

## **24. ASSESSMENT RATES**

Due to the lack of internal control, no comment regarding these income is presented for the years under review.

## **25. LOANS**

### **25.1 External loans**

No balance sheets for the years under review were available for audit purposes.

### **25.2 Due to the Village Council**

Due to the lack of internal control and the availability of supporting documentation for the years under review, this information is not available.

### **25.3 Loans written off**

Due to the lack of internal control and the availability of supporting documentation for the years under review, this information is not available.

## **26. SALE OF ERVEN**

Due to the lack of internal control and the availability of supporting documentation for the years under review, this information is not available.

## **27. LOCAL AUTHORITY PROPERTY SOLD ON AN INSTALMENT BASIS**

Due to the lack of internal control and the availability of supporting documentation for the years under review, this information is not available.

## **28. TARIFF ADJUSTMENTS**

No Government Gazettes were available at the Village Council.

## **29. APPROVALS**

### **29.1 Excess on approved budget**

Due to the lack of internal control and the availability of supporting documentation for the years under review, this information is not available.

### **29.2 Internal loans**

Due to the lack of internal control and the availability of supporting documentation for the years under review, this information is not available.

### **29.3 Direct application of own funds**

Due to the lack of internal control and the availability of supporting documentation for the years under review, this information is not available.



#### **29.4 Revenue written off**

Due to the lack of internal control and the availability of supporting documentation for the years under review, this information is not available.

### **30. INVENTORY AND EQUIPMENT**

#### **30.1 Motor vehicle and values thereof:**

No balance sheets for the years under review were available for audit purposes.

#### **30.2 Inventory**

No balance sheets for the years under review were available for audit purposes.

### **31. SPECIAL INVESTIGATIONS**

Due to the lack of internal control and the availability of supporting documentation for the years under review, this information is not available.

### **32. GENERAL**

There is no system of internal control and very limited accounting records at the Village Council for the years under review. Proper segregation of duties is not possible due to the small number of staff employed. While increased management involvement does not reduce risks, it causes the risk that management and Council override existing controls, a potentially dangerous practice, which the Council should vigilantly guard against.

### **33. FORMAL AND INFORMAL QUERIES**

**33.1** Formal queries are embodied in this report.

**33.2** Informal queries have been addressed to the Chief Executive Officer.

### **34. DISCLAIMED AUDIT OPINION**

The accounts of the Maltahöhe Village Council for the financial years end 30 June 2009, 2010 and 2011, were audited by me in terms of Section 85 of the Local Authorities Act, 1992, read with Section 25(1)(b) of the State Finance Act, 1991.

I am unable to express an audit opinion due to the following reasons:

#### **Internal control and accounting records**

There were no sufficient system of internal control and proper accounting records at the Village Council on which the auditors could rely upon for audit purposes.

#### **Books of accounting**

No cash-books or general ledgers or trial balances were available for audit purposes. The auditors were thus unable to draw any audit tests to verify the validity or completeness of income and expenses.

#### **Balance sheet**

No balance sheets were available for audit purposes.

## VILLAGE COUNCIL OF MALTAHÖHE

## INCOME STATEMENTS FOR THE YEAR ENDED 30 JUNE

	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>
			N\$	N\$
INCOME	1 880 209	2 0047 114	2 892 208	2 310 535
EXPENDITURE	<u>(1 445 481)</u>	<u>(2 772 829)</u>	<u>(2 231 514)</u>	<u>(1 129 406)</u>
NET OPERATING LOSS	434 728	(765 715)	660 694	1 181 129
INVESTMENT INCOME EARNED FOR REVENUE ACCOUNTS	-	-	-	-
NET LOSS FOR THE YEAR	434 728	(765 715)	660 694	1 181 129
ACCUMULATED FUNDS				
- Beginning of the year	<u>(3 043 244)</u>	<u>(2 277 529)</u>	<u>(2 938 223)</u>	<u>(4 119 352)</u>
ACCUMULATED FUNDS				
- End of the year	<u><b>(2 608 516)</b></u>	<u><b>(3 043 244)</b></u>	<u><b>(2 277 529)</b></u>	<u><b>(2 938 223)</b></u>