



REPUBLIC OF NAMIBIA



REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE

VILLAGE COUNCIL OF STAMPRIET

FOR THE FINANCIAL YEARS ENDED 30 JUNE 2016, 2017 AND 2018

Published by authority

Price (Vat excluded) N\$ 23.00
Report no: 33/2023

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 Stampriet Village Council for the financial years ended 30 June 2016, 2017 and 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 No. 31 of 1991) to be laid upon the Table of the National Assembly in terms of Section 27 (4) of the Act.

WINDHOEK, March 2023

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 STAMPRIET FOR THE FINANCIAL YEARS
ENDED 30 JUNE 2016, 2017 AND 2018**

1. DISCLAIMER OF AUDIT OPINION

I have audited the financial statements of the Village Council of Stampriet for the financial years ended 30 June 2016, 2017 and 2018. These financial statements comprise the Balance Sheet, Income Statement, and Notes to the Financial Statements for the years then ended.

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.

2. BASIS FOR DISCLAIMER OF AUDIT OPINION

I conducted my audit in accordance with International Standards on Auditing. 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 not sufficient and appropriate to provide a basis for my opinion

A disclaimer audit opinion is being expressed due to the following:

- The financial statements for the years under review do not conform to any financial reporting framework;
- No cash flow statement is presented for the years under review;
- No accounting policies are presented for the years under review;
- Unknown deposits amounting to N\$ 182 006 and N\$ 72 859 received during the year 2016 and 2017 respectively, were credited to the appropriation account instead of a liability account;
- Unsupported creditors written off amounting to N\$ 1 557 639 during the 2016 financial year;
- Unsupported debtors' adjustments amounting to N\$ 131 782 during the 2016 financial year;
- No fixed assets register was maintained for the years under review;
- No depreciation was charged to property, plant and equipment during the years under review;
- Input Value Added Tax (VAT) amounting to N\$ 1 081 722, N\$ 553 488 and N\$ 157 821 is included in the carrying amount of property, plant and equipment as at 30 June 2016, 2017 and 2018 respectively;
- Additions to property, plant and equipment amounting to N\$ 8 293 206, N\$ 4 243 408 and N\$ 1 209 958 for the years 2016, 2017 and 2018 respectively, are included in the expenses for each respective year and related capital accounts;
- No inventories are reflected in the financial statements at each reporting date though the Council keeps some consumable inventories;

- No workings and breakdown were provided to support the leave pay provision amounting to N\$ 261 742 at each reporting date;
- No workings and breakdown were provided to support the provision for bad debts amounting to N\$ 3 158 370 at each reporting date;
- Understatement of the provision for bad debts by N\$ 1 178 817, N\$ 1 760 020 and N\$ 3 120 746 for the years 2016, 2017 and 2018 respectively;
- No provision for impairment was made on housing loans despite lack of security and delayed repayments for each of the years;
- No reconciliation of the balance of the VAT control account to the statement of Namibia Revenue Agency (NamRA) at each reporting date;
- VAT refund of N\$ 897 927 was incorrectly credited to the appropriation account instead of the VAT control account during 2016 financial year;
- No breakdown and supporting documents for Build Together loans amounting to N\$ 2 297 37, N\$ 2 192 749 and N\$ 1 968 637 at 30 June 2016, 2017 and 2018 respectively;
- No supporting documents for external loans and related arrears amounting to N\$ 250 952 as at 30 June 2016 and 2017;
- No supporting documents and narrations/explanations regarding all journals for each of the financial years;
- No register and lease agreements for tenants liable to pay site rent for each of the financial years;
- No register and lease agreements for tenants liable to pay Single Quarters rent for the 2018 financial year;
- Incorrect billing for water and rates & taxes during the years under review;
- Incorrect billing for sewerage and refuse collection during the 2017 and 2018 financial years;
- Missing supporting documents for operating and capital expenditure amounting to N\$ 899 531, N\$ 620 580 and N\$ 1 980 124 for the years 2016, 2017 and 2018 respectively;
- Unrecorded liabilities amounting to N\$ 1 152 630, N\$ 359 641 and N\$ 431 134 as at 30 June 2016, 2017 and 2018 respectively;
- Use of an expired valuation roll during the 2017 and 2018 financial years;
- Non-compliance with Section 24(1) of the VAT Act, 2000 (Act No. 10 of 2000) on late and non-submission of returns for the year 2018, and no penalties and interest were accrued for late submission of VAT returns;
- Overstatement of bank overdraft by N\$ 320 786 as at 30 June 2018;
- No supporting documents for the completeness of electricity expenditure for the 2017 and 2018 financial years; and
- No documents to support the completeness of commission's income amounting to N\$ 159 876, N\$ 118 615 and N\$ 23 356 for the years 2016, 2017 and 2018 respectively.

3. 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 acceptable standards 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 Village Council'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.

4. 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 on Auditing, 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 on Auditing, 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.
- 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;
- 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;

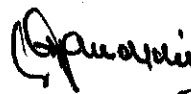
From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my report unless law or regulation precludes public 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.

5. REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

The financial statements were submitted later than required by the Accounting Officer to the Auditor-General on the 17 June 2019 for both years in terms of Section 87 (1) of the Local Authorities Act 1992, (Act No. 23 of 1992).

6. ACKNOWLEDGEMENT

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



**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

WINDHOEK, March 2023

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

	Note	2018 N\$	2017 N\$	2016 N\$	2015 N\$
ASSETS					
Non-current assets		34 711 571	32 376 083	29 989 743	23 633 983
Property, plant and equipment	1	33 435 215	32 225 257	27 981 850	19 448 033
Investments	2	1 276 356	150 826	2 007 893	4 185 950
Current assets		5 614 430	4 267 484	3 940 245	3 885 946
Debtors and other receivables	3	5 614 430	4 265 484	3 938 245	3 119 520
Bank and cash	4	-	2 000	2 000	766 426
Total assets		40 326 001	36 643 567	33 929 988	27 519 929
FUNDS AND LIABILITIES					
Funds and reserves		36 537 674	34 486 896	32 459 566	24 661 881
Capital outlay	5	33 375 953	32 165 995	27 922 588	19 388 772
Funds accounts and reserves	6	3 161 721	2 320 901	4 536 978	5 273 109
Non-current liabilities		59 262	59 262	59 262	59 262
Long-term loans		59 262	59 262	59 262	59 262
Current liabilities		3 729 065	2 097 409	1 411 160	2 798 786
Trade and other payables	7	3 249 520	1 984 897	1 135 338	2 798 786
Bank overdraft	4	479 545	112 512	275 822	-
Total liabilities		3 788 327	2 156 671	1 470 422	2 858 048
Total funds and liabilities		40 326 001	36 643 567	33 929 988	27 519 929

VILLAGE COUNCIL OF STAMPRIET
INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE

	2018	2017	2016	2015
	N\$	N\$	N\$	N\$
INCOME	8 281 509	7 615 073	10 434 214	11 364 452
EXPENDITURE	(7 600 047)	(10 029 375)	(13 612 768)	(12 598 932)
NET OPERATING SURPLUS	681 462	(2 414 302)	(3 178 554)	(1 234 480)
Appropriation Account	218	87 245	2 500 504	(127 924)
Net (deficit)/surplus for the year	681 680	(2 327 057)	(678 050)	(1 362 404)
Accumulated surplus /(deficit) at the beginning of year	(2 469 625)	(142 568)	535 482	1 897 886
Accumulated surplus/ (deficit) at the end of the year	(1 787 945)	(2 469 625)	(142 568)	535 482

**VILLAGE COUNCIL OF STAMPRIET
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE**

	2018	2017	2016	2015
Note	N\$	N\$	N\$	N\$
CASH FLOW FROM OPERATIONS ACTIVITIES				
Cash receipts by customers	-	-	-	11 364 452
Cash paid to suppliers	-	-	-	(13 257 796)
Cash (utilised) by operations	-	-	-	(1 893 344)
Increase in Fund account	-	-	-	505 102
Increase in Capital outlay	-	-	-	4 616 179
Net cash flow from operating activities	-	-	-	3 227 937
CASH FLOW FROM INVESTING ACTIVITIES				
Net capital expenditure	-	-	-	(4 611 248)
Decrease in investments	-	-	-	2 242 269
				(2 368 979)
CASH FLOW FROM FINANCING ACTIVITIES				
Decrease in long-term liabilities	-	-	-	(4 930)
NET INCREASE/ IN CASH AND CASH EQUIVALENTS				
CASH AND CASH EQUIVALENT BEGINNING OF YEAR	-	-	-	854 028
END OF YEAR	-	-	-	(87 603)
				766 425

Note: The Village Council presented no cash flow statement for the years under review.

**VILLAGE COUNCIL OF STAMPRIET
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE**

	2018	2017	2016	2015
	N\$	N\$	N\$	N\$
1. PROPERTY, PLANT AND EQUIPMENT				
Income assets	30 837 042	29 627 084	25 383 677	17 182 418
General capital assets	2 265 615	2 265 615	2 265 615	2 265 615
External loans' assets	59 262	59 262	59 262	-
Loans redeemed assets	273 296	273 296	273 296	-
	33 435 215	32 225 257	27 981 850	19 448 033
2. INVESTMENTS				
Commercial Banks				
Comprising of:				
Revenue Fund	-	-	-	2 573 419
Housing Fund	1 276 356	150 826	958 203	347 683
Fixed Property Fund	-	-	348 446	348 446
Capital reserve Fund	-	-	689 417	904 575
Renewal Fund	-	-	11 827	11 827
	1 276 356	150 826	2 007 893	4 185 950
3. DEBTORS AND OTHER RECEIVABLES				
Consumers	6 477 082	4 990 990	4 635 619	3 621 950
Housing loans	2 295 718	2 432 864	2 456 496	2 655 939
Sundry Debtors	-	-	4 500	-
	8 772 800	7 423 854	7 096 615	6 277 889
Provision for bad debts	(3 158 370)	(3 158 370)	(3 158 370)	(3 158 369)
	5 614 430	4 265 484	3 938 245	3 119 520
4. BANK AND CASH				
Current account	(479 545)	(112 512)	(275 822)	764 426
Petty cash	-	2 000	2 000	2 000
	(479 545)	(110 512)	(273 822)	766 426
Presented as follows:				
Current assets	-	2 000	2 000	766 426
Current liabilities	479 545	112 512	275 822	-
5. CAPITAL OUTLAY				
Loans redeemed	273 296	273 296	273 296	273 296
Revenue Contributions	30 837 042	29 627 084	25 383 677	16 849 861
General Capital Contributions	2 265 615	2 265 615	2 265 615	2 265 615
	33 375 953	32 165 995	27 922 588	19 388 772

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

	2018	2017	2016	2015
	N\$	N\$	N\$	N\$
6. FUND ACCOUNTS AND RESERVES				
Fixed Property account	391 643	348 446	348 446	348 446
Capital Reserve Fund	904 575	904 575	904 575	904 575
Housing Fund	3 641 621	3 525 678	3 414 698	3 472 779
Renewal Fund	11 827	11 827	11 827	11 827
	4 949 666	4 790 526	4 679 546	4 737 627
Revenue account kept in compliance with Section 86 (1) of the Local Authorities Act, 1982	(1 787 945)	(2 469 625)	(142 568)	535 482
	3 161 721	2 320 901	4 536 978	5 273 109
7. TRADE AND OTHER PAYABLES				
Trade payables	2 151 630	986 796	164 651	1 627 859
Consumer and other deposits	38 701	36 074	41 134	31 977
Government loans instalments in arrears	191 690	191 690	191 690	191 690
VAT	605 757	508 595	476 121	685 518
Provision for leave	261 742	261 742	261 742	261 742
	3 249 520	1 984 897	1 135 338	2 798 786
8. CASH UTILISED BY OPERATIONS (*)				
Net operating surplus/(deficit) before interest and transfers for the year				(1 234 480)
- Adjustment to appropriation account				(127 924)
Operating deficit before changes in working capital				(1 362 404)
Changes in working capital				
Increase in trade and other receivables				(543 846)
Increase in trade and other payables				12 906
				(530 940)
Cash utilised by operations				(1 893 344)

(*) The Village Council presented no cash flow statement for the years under review

