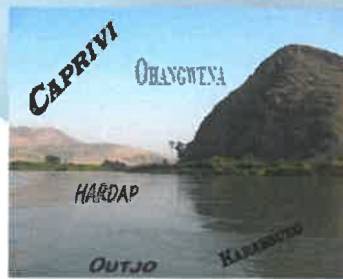




REPUBLIC OF NAMIBIA



SPECIAL REPORT OF THE AUDITOR-GENERAL ON THE NON-SUBMISSION OF FINANCIAL STATEMENTS BY SOME

LOCAL AUTHORITIES, REGIONAL COUNCILS AND STATUTORY BODIES UP TO THE FINANCIAL YEARS ENDED 30 JUNE 2016, 2017 AND 2018

Published by authority

Price (Vat excluded) N\$ 30.00

Report no 133/2018

REPUBLIC OF NAMIBIA



TO THE HONOURABLE SPEAKER OF THE NATIONAL ASSEMBLY

I have the honour to submit herewith my special report on the non-submission of financial statements by some Local Authorities, Regional Councils and Statutory Bodies up to the financial years ended 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 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, November 2018

**SPECIAL REPORT OF THE AUDITOR-GENERAL
ON THE NON-SUBMISSION OF FINANCIAL STATEMENTS BY SOME
LOCAL AUTHORITIES, REGIONAL COUNCILS AND STATUTORY BODIES
UP TO THE 2016, 2017 AND 2018 FINANCIAL YEARS**

1. INTRODUCTION

The Auditor-General may publish special reports in terms of Section 27(3) of the State Finance Act, 1991, where it is deemed to be in the interest of the Government and Public.

2. BACKGROUND

Sections 87(1) and (2) of the Local Authorities Act, 1992 (Act 23 of 1992 as amended) stipulate the following:

“87. (1) The accounting officer of a local authority Council shall within three (3) months or such longer period as the Auditor-General may approve, after the end of a financial year of the local authority council make out financial statements in such form as may be determined by the Auditor-General in respect of that financial year and submit such financial statements to the Auditor-General.

(2) The financial statements referred to in subsection (1) shall consist of—

- (a) a balance sheet showing the assets and liabilities of the local authority at the end of that financial year;*
- (b) a statement of income and expenditure of the local authority council for that financial year; and*
- (c) such other statements as may from time to time be required by the Auditor-General.”*

Sections 40(1) and (2) of the Regional Councils Act, 1992 (Act 22 of 1992) as amended stipulate the following:

“40. (1) The accounting officer of a Regional Council shall within three (3) months or such longer period as the Auditor-General may approve, after the end of a financial year of the Regional Council make out financial statements in such form as may be determined by the Auditor-General in respect of that financial year and submit such financial statements to the Auditor-General.

(2) The financial statements referred to in subsection (1) shall consist of—

- (a) a balance sheet showing the assets and liabilities of the Regional Council at the end of that financial year;*
- (b) a statement of income and expenditure of the Regional Council for that financial year; and*
- (c) such other statements as may from time to time be required by the Auditor-General.”*

Furthermore Sections 27(1) and (2) of the State Finance Act, 1991 (Act 31 of 1991) as amended, stipulate that:

“27.(1) As soon as practicable after the end of a financial year, but not later than the end of the following financial year, the Auditor-General shall transmit to the Minister the accounts together with his or her certificate and a report signed by him or her in connection with any investigation, examination and auditing carried out by him or her in terms of this Act or any other law and shall, in the case of a statutory institution, at the same time transmit a copy of his or her report to the executive authority of the statutory institution concerned.

(2) Notwithstanding the provision of subsection (1), the Auditor-General may, in the case of municipalities and village management boards, submit, instead of individual reports, a summarized report in respect of all municipalities and village management boards.”

3. MUNICIPALITIES/TOWN COUNCILS/VILLAGE COUNCILS

A significant improvement has been noted since the previous report, but the following Local Authorities still do not comply with the stipulations of the Act,1992 (Act 23 of 1992) by not submitting up to date financial statements:

MUNICIPALITIES/TOWN COUNCILS/VILLAGE COUNCILS	YEAR OUTSTANDING
Municipality of Mariental	2017/18
Municipality of Outjo	2015/16 2016/17 2017/18
Municipality of Okahandja	2016/17 2017/18
Town Council of Oshakati	2017-18
Town Council of Oshikuku	2017/18
Town Council of Okakarara	2017/18
Town Council of Okahao	2016/17 2017/18
Town Council of Rehoboth	2016/17 2017/18
Town Council of Ruacana	2017/18
Town Council of Rundu	2017/18

TOWN COUNCILS/VILLAGE COUNCILS (Continued)	YEAR OUTSTANDING
Town Council of Katima Mulilo	2015/16 2016/17 2017/18
Town Council of Karasburg	2012/13 2013/14 2014/15 2015/16 2016/17 2017/18
Town Council of Khorixas	2016/17 2017/18
Village Council of Bukalo	2014/15 2015/16 2016/17 2017/18
Village Council of Bethanie	2017/18
Village Council of Gibeon	2017/18
Village Council of Kalkrand	2017/18
Village Council of Tsandi	2017/18
Village Council of Tses	2016/17 2017/18
Village Council of Witvlei	2017/18
Village Council of Otjinene	2017/18

VILLAGE COUNCILS (Continued)	YEAR OUTSTANDING
Village Council of Stampriet	2015/16 2016/17 2017/18
Village Council of Maltahöhe	2017/18
Village Council of Gochas	2017/18
Village Council of Tses	2016/17 2017/18

4. CONSULTANTS

As previously reported, many local authorities are dependent on consultants to draw up their financial statements due to a lack of capacity. This is an expensive exercise which is hardly affordable for the majority of the local authorities. The Office of the Auditor-General obtained Treasury approval to exempt all local authorities from paying audit fees for a period of five years starting 1 April 2014 on the condition that local authorities utilize the savings towards capacity building with the aim that local authorities should be able to draw up their own financial statements by 31 March 2019. It is an ongoing concern of which none or little progress was made during the past financial years.

As indicated in my previous reports, it is once again recommended that the line Ministry should develop a training programme to train staff at local authorities in the drafting of financial statements.

5. REGIONAL COUNCILS

The following Regional Councils also do not comply with the stipulations of the Act, 1992 (Act 22 of 1992) by not submitting up to date financial statements:

REGIONAL COUNCILS	YEAR OUTSTANDING
Regional Council of Zambezi	2016/17 2017/18
Regional Council of Ohangwena	2016/17 2017/18
Regional Council of Oshikoto	2017/18
Regional Council of Otjozoandjupa	2017/18
Regional Council of Omaheke	2017/18
Regional Council of Kavango West	2016/17 2017/18

6. STATUTORY BODIES/ FUNDS


The following Statutory Bodies are also breaching their respective Acts by not submitting financial statements up to the 2017/2018 financial year:

STATUTORY BODIES	YEAR OUTSTANDING
Film and Video Development Fund	2016/17 2017/18
Community Courts	2004/05 2005/06 2006/07 2007/08 2008/09 2009/10 2010/11 2011/12 2012/13 2013/14 2014/15 2015/16 2016/17 2017/18
National Emergency Disaster fund	2016/17 2017/18
Marine Resources Fund	2016/17 2017/18
Minerals Development	2015/16 2016/17 2017/18
New Era	2017/18

7. CONCLUSION

The non-submission of financial statements hampers the execution of my mandate, causes unnecessary delays and as such I express my concern about this issue to the National Assembly. Another concern is the increase in the number of requests to the Auditor-General, in terms of their respective acts, for extensions to submit financial statements.

WINDHOEK, November 2018



JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL

