



REPUBLIC OF NAMIBIA



REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE

ELECTORAL COMMISSION

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2012

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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 Electoral Commission for the financial year ended 31 March 2012 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, MARCH 2013

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

**REPORT OF THE AUDITOR-GENERAL
ON THE ACCOUNTS OF THE
ELECTORAL COMMISSION
FOR THE FINANCIAL YEAR ENDED
31 MARCH 2012**

1. INTRODUCTION

1.1 Report

This report on the accounts of the Electoral Commission for the financial year ended 31 March 2012 is presented to the National Assembly in accordance with the terms of Article 127(2) of the Constitution of the Republic of Namibia and Section 27(1) of the State Finance Act, 1991 (Act 31 of 1991), as amended.

1.2 Powers and duties

Section 25(1)(c) of the State Finance Act, 1991, provides that the Auditor-General should satisfy himself that:

- (a) all reasonable precautions have been taken to ensure that all monies due to the State are collected, and that the laws relating to the collection of such monies have been complied with;
- (b) all reasonable precautions have been taken to safeguard the receipt, custody and issue of and accounting for, the State's assets, such as stores, equipment, securities and movable goods; and
- (c) the expenditure has taken place under proper authority and is supported by adequate vouchers or other proof.

In addition, Section 26(1)(b)(iv) of the State Finance Act, 1991, empowers the Auditor-General to investigate and report on the economy, efficiency and effectiveness of the use of the State's resources.

2. FINANCIAL STATEMENTS

The appropriation accounts were submitted to the Auditor-General in terms of Section 13 of the State Finance Act, 1991.

The financial statements, notes to the financial statements and general information supplied by the Accounting Officer are attached as annexure A to this report.

3. SCOPE OF THE AUDIT

3.1 The Accounting Officer in co-operation with the Permanent Secretary of the Ministry of Finance is responsible for the preparation of the financial statements and for ensuring the regularity of the financial transactions therein. 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 audit included:

- (a) examination on a test basis of evidence relevant to the amounts, disclosure and regularity of financial transactions included in the financial statements; and
- (b) evaluation of the overall adequacy of the presentation of information in the financial statements.

3.2 The audit was planned and performed so as to obtain all the information and explanations considered necessary to provide sufficient evidence to give reasonable assurance that:

- (a) the financial statements are free from material misstatement, whether caused by error, fraud or other irregularity;
- (b) in all material respects, the expenditure and income have been applied to the purposes intended by the legislature; and
- (c) the financial transactions conform to the authorities that govern them.

4. AUDIT OBSERVATIONS

4.1 MAIN ISSUES/FINDINGS IDENTIFIED BY THE AUDIT

4.1.1 Expenditure

The total budget of the Commission was underspend with a total amount of N\$ 13 570 284.09 (11.96%). These funds could have been used on other projects in the Country. However, the following unauthorised expenditure occurred during the financial year and is reported as such in terms of Section 27(6)(a) of the State Finance Act, 1991 (Act 31 of 1991):

Although Treasury approval was obtained to utilise certain expected savings for the defrayal of excess expenditure by way of virements during the year, three (3) operational subdivisions were exceeded by a total amount of N\$ 40 003.31 which is unauthorised in terms of Section 27 (6)(a)(iii) of the Act.

It is recommended that the Accounting Officer put proper planning and budgetary measures in place to avoid requesting huge unutilised amounts from Ministry of Finance.

It is also recommended that the Accounting Officer monitor the budget regularly in order to ensure that sufficient funds are available before expenditure is incurred in order to avoid unauthorised expenditure on the subdivisions.

4.1.2 Virements

Differences were noted between the virements authorised by Treasury also reported by the Accounting Officer and the virements processed in the Appropriation account:

Main division	Authorised virements	Appropriation account	Differences
	N\$	N\$	
2801	1 643 000	1 639 989	3 011
2802	(1 643 000)	(1639 989)	(3 011)

It is recommended that the Accounting Officer should see to it that the correct virements are passed through to the general ledger and that the financial statements prepared should reflect these amounts.

4.1.3 Miscellaneous revenue

The Commission budgeted an amount of N\$100.00 for miscellaneous revenue. The general ledger showed an amount of N\$ 366 201.07 as received. The difference of N\$ 366 101.07 between the budgeted and the actual revenue was not explained.

The Accounting Officer should provide explanation(s) on the variance as required by Circular D12/2010 of the Office of the Auditor-General.

4.1.4 Stock

It was observed that for the third consecutive year, Treasury has granted exemption to the Electoral Commission from carrying out annual stock taking at the Electoral Commission Logistic Store. The reason given regarding the exemption for non-adherence to Treasury Instruction KA 0901 was due to the Court case which was delivered during April 2012. Treasury Instruction KA 0901 states that Stores, equipment and livestock shall be subjected to stocktaking at least once each financial year and the accounting officer shall submit the report thereon (as intended in T.I. K A 0905) to Treasury for approval as soon as possible after the stocktaking, but in any case within 30 days after the end of the financial year concerned.

It is highly recommended that the Accounting Officer ensure that the annual stock taking report is submitted to Treasury as per the requirements of Treasury Instruction KA 0901.

4.1.5 Vehicle Accidents

The Accounting Officer reported six (6) vehicles involved in accidents during the 2011/2012 financial year. Four (4) vehicles were repaired at a total cost of N\$ 66 772.22. However, the extracted data from the system shows the number of vehicles repaired as seven (7) at a total cost of N\$ 249 665.74.

It is therefore recommended that the Accounting Officer attach the relevant supporting vouchers to the statement and to report on the correct information.

4.1.6 Suspense accounts

The Commission had uncleared balances on four (4) suspense accounts at the end of the financial year. All four (4) accounts had credit balances. Bills payable had a closing credit balance of N\$ 7 112 839.76 at 31 March 2012.

The Electoral Commission is commended for their efforts to clear the suspense accounts.

4.1.7 Tender Board exemptions

It was established that for the subdivisions below Treasury have approved annual exemptions that are more than their budgeted amounts.

Subdivision	Approved budget	Approved exemption	Difference
	N\$	N\$	N\$
023- Utilities	5 250 000	5 500 000	250 000
026- Property rentals	865 674	1 137 000	271 326
041- Subscription and Membership Fees	214 000	340 000	126 000
Total	6 329 674	6 977 000	647 326

It is recommended that the Accounting Officer put measures in place to ensure that the exemption amounts requested do not exceed the approved budget to avoid unauthorised expenditure on the subdivisions.

5. ACKNOWLEDGEMENT

The co-operation and assistance given by the management and staff of the Electoral Commission during the audit was satisfactory.

6. EMPHASIS OF MATTER

Without qualifying my opinion, attention is drawn to the management on the following matters that relate to my responsibility in the audit of the financial statements:

- a) Paragraph 4.1.1 Expenditure. The total budget of the Commission was underspent with a total amount of N\$ 13 570 284.09 (11.96%).
- b) Paragraph 4.1.2. Virements. Differences noted between virements authorized by Treasury and those reflected in the Appropriation account.

7. AUDIT OPINION

I certify that I have audited the financial statements of the Electoral Commission for the year ended 31 March 2012, in accordance with the terms of Article 127(2) of the Namibian Constitution and Section 25(1) of the State Finance Act, 1991 (Act 31 of 1991).

In my opinion, the financial statements fairly represent the receipts and payments of Vote 28 for the year ended 31 March 2012 and in all internal respects the receipts and payments have been applied for the purposes intended by the National Assembly and conform to the authorities which govern them.

JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL

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ANNEXURE A

1. FINANCIAL STATEMENTS

1.1 Appropriation account

2011/2012						2010/2011
Service	N\$	Authorised expenditure	Actual expenditure	Variations		Actual expenditure
				Under-expenditure/ (Excess)	Percentage	
	N\$	N\$	N\$	N\$	%	N\$
01. Administration						
Original budget	23 181 000					
Plus: Virement	1 970 762	25 151 762	22 186 427.57	2 965 334.43	11.79	39 737 548.63
02. Electoral Operations						
Original budget	89 730 000					
Less: Virement	(1 415 989)	88 314 011	77 709 061.34	10 604 949.66	12.01	114 648 257.50
Total:		113 465 773	99 895 488.91	13 570 284.09	11.96	154 385 806.13

ANNEXURE A (continued)

1.2 Standard subdivisions

Subdivision	2011/2012			2010/2011
	Authorized expenditure	Actual expenditure	Under-expenditure/ (Excess)	Actual expenditure
	N\$	N\$	N\$	N\$
Operational				
Current expenditure: Personnel				
001. Remuneration	10 693 773	9 660 597.71	1 033 175.29	9 177 444.40
002. Employer's contribution to the G.I.P.F	825 000	864 615.31	(39 615.31)	746 405.12
003. Other conditions of service	175 000	-	175 000.00	225 824.13
Total	11 693 773	10 525 213.02	1 168 559.98	10 149 673.65
Current expenditure: Goods and other services				
021. Travel and subsistence expenses	2 326 000	1 689 367.75	636 632.25	764 632.39
022. Materials and supplies	6 359 387	5 065 986.08	1 293 400.92	9 502 959.46
023. Transport	6 937 000	6 592 033.95	344 966.05	1 977 023.77
024. Utilities	5 250 000	3 770 733.61	1 479 266.39	6 782 456.36
025. Maintenance	771 000	731 166.25	39 833.75	178 245.28
026. Property rental and related charges	865 674	787 791.17	77 882.83	3 658 501.49
027. Other services and expenses	26 171 001	18 136 972.89	8 034 028.11	86 345 506.33
Total	48 680 062	36 774 051.70	11 906 010.30	109 209 325.08
Current expenditure: Membership fees and subscriptions				
041. International	214 000	214 388.00	(388.00)	109 411.24
Total	214 000	214 388.00	(388.00)	109 411.24
Capital expenditure: Acquisition of assets				
101. Furniture and office equipment	1 018 000	565 891.62	452 108.38	2 979 028.66
102. Vehicles	2 810 000	2 769 925.17	40 074.83	-
103. Operational equipment, machinery and plant	46 092 938	46 092 938.00	-	7 397 677.12
Total: Capital expenditure	49 920 938	49 428 754.78	492 183.21	10 376 705.83
Total: Operational expenditure	110 508 773	96 942 407.50	13 566 365.49	129 845 115.80
Development				
Capital expenditure: Acquisition of assets				
101. Furniture and office equipment				3 294 186.50
105. Feasibility studies, design and supervision	-	-	-	1 929 016.28
106. Purchase of land and intangible assets	-	-	-	70 700.85
107. Construction, renovation & improvements	2 957 000	2 953 081.40	3 918.60	19 246 786.70
Total: Development expenditure	2 957 000	2 953 081.40	3 918.60	24 540 690.33
GRAND TOTAL	113 465 773	99 895 488.91	13 570 284.09	154 385 806.13

1.3 Departmental revenue

Revenue for the financial year 2011/2012 is as follows:

Revenue heading	2011/2012			2010/2011
	Estimate	Actual revenue	More/(Less) than estimated	Actual revenue
	N\$	N\$	N\$	N\$
Deposits made by political parties	100	500.00	400.00	26 200.08
Miscellaneous	100	366 201.07	366 101.07	2 753.44
Total	200	366 701.07	366 501.07	28 953.52

1.4 NOTES TO THE FINANCIAL STATEMENTS

1.4.1. Appropriation account: Explanation of variations exceeding 2% between the authorized and actual expenditure

Underexpenditure:

Main division 01 - Administration (N\$ 2 965 334.43 - 11.79%)

The underexpenditure was attributed by the following factors:

The Electoral Commission of Namibia made budgetary provision to cover for the expenses of the five (5) Commissioners which includes honorariums, sitting allowances as well as travelling allowances locally and abroad. The term of office of the first five (5) Commissioners ended at the end of June 2011 and the new Commissioners were supposed to start the following month. This arrangement was delayed due to technical reasons beyond the Electoral Commission control and the new Commissioners came into effect as from 01 September 2011. Activities that were supposed to be performed did not take place during the two months and this resulted in an underexpenditure.

It was also established that the Electoral Commission of Namibia Law Reform process was put on hold after a Memorandum of Understanding was entered between the Law Reform Development Commission (LRDC) and Electoral Commission Law Reform. As a result the Electoral Commission could not finalise the Law Reform process as the LRDC did not submit their report during the financial year under review.

Main division 02 – Electoral Operations (N\$ 10 604 949.66 - 12.01%)

The main division under spend due to the following envisaged activities that did not take place:

The baseline survey which was planned to assess the public understanding of democracy and the electoral process was not conducted because proposals for the tender did not meet specifications.

The planned intensive voter education could not be embarked upon as the institution was waiting for the proclamation of the date for the General Registration of Voters (GRN).

The holding of multiple by-elections within a financial year is always a possibility and should always be provided for. During the year under review, two (2) by-elections (Oranjemund and Otjinene Local Authority Elections) were budgeted, but due to unforeseen circumstances, the Otjinene by-election was called off. Money earmarked for this activity could not be utilised.

The Oranjemund Local Authority election was anticipated to have legal costs; however, that money could not be utilized as there were no legal challenges.

2. GENERAL INFORMATION

2.1 Tender Board exemption

Tender Board approved an annual exemption from normal Tender Board procedures to the value of N\$ 34 277 000 as reflected below.

Exemption	Goods/Services	Approved expenditure	Actual expenditure	Variance
E1/8-1/2011	Travel and subsistence expenses	N\$ 1 525 000	N\$ 89 066.00	N\$ 1 435 934.00
	Materials and supplies	3 083 000	1 470 713.84	1 612 286.16
	Utilities	5 500 000	2 907 069.36	2 592 930.64
	Maintenance	260 000	643 881.31	(383 881.31)
	Property rentals	1 137 000	558 704.33	578 295.67
	Other services	22 432 000	6 255 150.78	16 176 849.22
	Subscriptions and membership fees	340 000	213 164.00	126 836.00
			34 277 000	12 137 749.62

(See paragraph 4.1.8)

2.2 Bank accounts

The Electoral Commission is operating three (3) bank accounts with the necessary Treasury approvals.

Name of account	Bank name	Balance as at 31 March 2012
Finish Voters Education Programme	Nedbank	N\$ 21 394.27
Electoral Commission of Namibia-EMVR	Nedbank	41 466 143.32
Electoral Commission of Namibia	First National Bank	-

2.3 Commissions and committees

Expenditure amounting to N\$ 511 026.79 was incurred by the Electoral Commission Board members in respect of daily subsistence allowances (DSA), honorarium and sitting fees during the financial year under review.

2.4 Capital Projects

A total amount of N\$ 90 867 000 was approved for the construction of the ECN Head Quarters. An amount of N\$ 2 953 081.40 was spend on the project during the financial year under review bringing the total expenditure at 31 March 2012 to N\$ 2 953 081.40. The project was completed in November 2012.

WINDHOEK, 2012-10-16

M. NDJARAKANA
ACCOUNTING OFFICER