



REPUBLIC OF NAMIBIA



ELECTORAL COMMISSION NAMIBIA

Accountability To discover if the expenditure incurred by the Electoral Commission of Namibia is in accordance with the provisions of the Electoral Commission Act and to report thereon to the Auditor-General.

Integrity To ensure that the Electoral Commission of Namibia is free from corrupt influences and to report thereon to the Auditor-General.

Professionalism To ensure that the Electoral Commission of Namibia is free from corrupt influences and to report thereon to the Auditor-General.

Objectivity To ensure that the Electoral Commission of Namibia is free from corrupt influences and to report thereon to the Auditor-General.



REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE

ELECTORAL COMMISSION OF NAMIBIA

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

Published by authority

Price (Vat excluded) N\$ 25.00

Report no: 2017/26

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 of Namibia for the financial year ended 31 March 2016 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 2017

A handwritten signature in black ink, appearing to read 'Junias Etuna Kandjeke'.

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

DEFINITIONS

Treasury:	Financial authority in public service. (The department of Government that has control over the collection, management and disbursement of public revenue).
Vote:	Represents an Office/Ministry/Agency.
Appropriation Act:	Estimate of expenditure and revenue for a particular financial year presented to the National Assembly, the Act passed by Parliament.
Appropriation Account:	Government Income and Expenditure statement, showing on receipt side the estimated budgeted amounts and on expenditure side the actual expenditure amounts and the difference thereof.
Standard sub-division:	Government Balance account, showing balances incurred on each account/activity.
Suspension:	Reduction on budget (Treasury may from time to time withhold or suspend any amount in an estimate of expenditure).
Virement:	Moving of budgeted funds from one account to another account within the same budget of the same office/ministry/agency. The utilization of a saving under one main division/sub division of a vote to defray an excess under another existing division of the same vote.
Unauthorised Expenditure:	Expenditure that exceeds the amount appropriated (budgeted) for a vote, main division or subdivision.
Underexpenditure:	Saving on the budget.
Miscellaneous Revenue:	All revenue collected and not having a specified revenue code.
Tender Board Exemptions:	To free from an obligation (Tender Board Regulations) to which others are subjected.
Commitments:	Funds reserved to acquire goods or services from a supplier.
Suspense accounts:	Is an account opened in the books of Government that records movement of transactions of a temporarily nature, for example salary deductions of housing instalments.
S&T Advance Suspense Account:	A suspense account reflecting the outstanding subsistence and travel advances.
Rejection Account:	A suspense account reflecting names and balances of all persons/companies that owe the money to the State.
Budget:	Is an estimation of the revenue and expenses over a specified future period of time.
Subsistence Advance:	Payment given in advance to an employee to reimburse accommodation, meal and incidental expenses, while on an official assignment.
Performance Information:	Measurement of an individual, group, organization, system or component which is collected, analysed and reported. (Includes Strategic plans, annual plans, performance agreements and personal development plans).

TABLE OF CONTENT

1.	REPORT ON THE FINANCIAL STATEMENTS	1
1.1	INTRODUCTION	1
1.2	MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS.....	1
1.3	AUDITOR'S RESPONSIBILITY	1
1.4	KEY AUDIT FINDINGS	2
1.4.1	Underexpenditure.....	2
1.4.2	Unauthorised expenditure	3
1.4.3	Outstanding Subsistence Advances	3
1.4.5	Exemptions from normal Tender procedures	3
1.5	ACKNOWLEDGEMENT	4
1.6	UNQUALIFIED AUDIT OPINION	4
2.	ADDITIONAL REPORTING RESPONSIBILITIES.....	4
2.1	OTHER MATTERS	4
2.1.1	Audit committee.....	4
2.1.2	Risk Management Policy	4
2.1.3	Internal Audit.....	5
1.	AUDITED FINANCIAL STATEMENTS	6
1.1	APPROPRIATION ACCOUNT.....	6
1.2	STANDARD SUBDIVISIONS.....	7
1.3	DEPARTMENTAL REVENUE.....	8
1.4	NOTES TO THE FINANCIAL STATEMENTS	8
1.4.1	Appropriation account: Explanations of variations exceeding 2% between authorised and actual expenditure.....	8
1.4.2	Revenue: Explanations of variations exceeding N\$ 200 000	9
2.	GENERAL INFORMATION	9
2.1	CAPITAL PROJECTS	9
2.2	COMMISSIONS AND SPECIAL COMMITTEES.....	9
2.3	OUTSTANDING SUBSISTENCE ADVANCES	9
2.4	BURSARIES AND STUDY ASSISTANCE	9
2.5	EXEMPTION FROM NORMAL TENDER BOARD PROCEDURES	10
2.6	POINTS KEEPING STOCK AND ANNUAL STOCKTAKING	10
2.7	STORES AND DEPOTS	10
2.8	INTERNAL INSPECTIONS	10
2.9	MOTOR VEHICLE ACCIDENTS	10
2.10	MOTOR VEHICLES ON HAND - OWN FLEET	10
2.11	WELLNESS	10
2.12	Suspense accounts.....	11

**REPORT OF THE AUDITOR GENERAL
ON THE ACCOUNTS OF THE ELECTORAL COMMISSION OF NAMIBIA
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016**

1. REPORT ON THE FINANCIAL STATEMENTS

1.1 INTRODUCTION

This report on the accounts of the Electoral Commission of Namibia for the financial year ended 31 March 2016 is presented to the National Assembly in accordance with the terms of Article 127(2) of the Constitution of the Republic of Namibia and provisions set out in the State Finance Act, 1991(Act 31 of 1991), as amended.

I have audited the accompanying financial statements of the Electoral Commission of Namibia for the financial year ended 31 March 2016. The following financial statements were submitted for the year then ended:

- Appropriation account;
- Standard subdivisions;
- Departmental revenue;
- Notes to financial statements; and
- General information.

The Appropriation Account was submitted by the Accounting Officer to the Auditor-General in terms 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.

1.2 MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Section 12 and 13 of the State Finance Act, 1991 (Act 31 of 1991) and legislation, and for such internal control as management determines it necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

1.3 AUDITOR'S RESPONSIBILITY

My responsibility is to express an opinion on these financial statements based on the audit. I conducted the audit in accordance with International Standards of Supreme Audit Institutions (ISSAIs). These standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

Powers and Duties

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

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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for the audit opinion.

1.4 KEY AUDIT FINDINGS

1.4.1 Underexpenditure

Treasury Instruction DC 0202 stipulates that when drawing up draft estimates Accounting Officers and their Financial Advisers shall take note of and guard against more funds than can reasonably be spent shall not be requested. However, it is noted that the Electoral Commission has underspent its total budget for three (3) consecutive financial years as follows:

Financial year	Amount underspent	Percentage
	N\$	%
2013/2014	1 323 417.86	0.60
2014/2015	13 500 006.41	3.60
2015/2016	9 943 259.03	3.59

These funds could have been utilized for other projects in the Country.

It is recommended that the Accounting Officer should put measures in place to avoid under spending of the budget and comply with the Treasury Instructions DC 0202.

Management comment

In his response on the draft report, the Accounting Officer indicated that he agrees with the findings and will put measures in place of conducting internal budget reviews and consultations.

1.4.2 Unauthorised expenditure

The unauthorised expenditure mentioned below 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):

One (1) main division was exceeded with a total amount of N\$ 1 768 807.88 which is unauthorized in terms of Section 6(a)(ii) of the Act; and although Treasury approval was obtained to utilise expected savings for the defrayal of excess expenditure by way of virements during the year, one (1) operational subdivision was exceeded with N\$ 2 487 633.18. This excess is unauthorised in terms of section 6 (a)(iii) of the Act.

It is recommended that the Accounting Officer should implement budgetary control measures to avoid unauthorised expenditure.

1.4.3 Outstanding Subsistence Advances

The Accounting Officer reported ten (10) cases of Outstanding Subsistence Advances of N\$ 39 084.89, while the Subsistence and Travel Advance Suspense Account indicates a balance of N\$ 111 205.37, and the debit balance list indicates an amount of N\$ 105 896.57, leaving an unexplained difference between the respective reports. This might lead to the misstatements of financial statements.

It is recommended that the Accounting Officer should perform reconciliations on a regular basis and comply with the requirements of Circular D12/2016 of the Auditor-General and Treasury Instruction BB0101, which states that an Accounting Officer who, under Section 8 of the Act is charged with the general administration of a vote and State money under his control, should be responsible for the clearance of the accounting records accounts and other financial documents under his control.

1.4.4 Exemptions from normal Tender procedures

The Accounting Officer reported approved Tender Board exemptions amounting to N\$ 89 680 605 for various goods and services for the period under review. Although Tender Board exemption was granted for acquiring goods and services which could not be procured through Tender procedures, an over-expenditure was incurred in the following exemption:

Exemption number	Description	Approved amount	Actual expenditure	Difference
		N\$	N\$	N\$
E1/8-1/2015	Utilities	670 000	(999 630.29)	(329 630.29)

It is recommended that the Accounting Officer should closely monitor and review the financial position of the Commission on a continuous basis to enable better financial control and take appropriate action timeously to avoid exceeding approved tender exemptions.

Management comment

In his response on the draft report, the Accounting Officer indicated that it was an oversight and will ensure that such errors are not repeated.

1.5 ACKNOWLEDGEMENT

The co-operation and assistance by the management and staff of the Electoral Commission of Namibia during the audit is appreciated.

1.6 UNQUALIFIED AUDIT OPINION

I certify that I have audited the accompanying financial statements of the Electoral Commission of Namibia for the financial year ended 31 March 2016 in accordance with the terms of Article 127(2) of the Namibian Constitution and Section 25(1) of the State Finance Act, Act 31 of 1991.

In my opinion, the financial statements present fairly, in all material respects the financial position of Electoral Commission of Namibia, as at 31 March 2016, and their financial performance and receipts and payments for the year then ended 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).

2. ADDITIONAL REPORTING RESPONSIBILITIES

2.1 Other Matters

Without expressing an audit opinion on the basis of this paragraph, and excluding matters already disclosed by the Electoral Commission in the financial statements, I draw attention to the following matters that relate to my responsibility in the audit of the financial statements:

2.1.1 Audit committee

The Commission does not have an Audit Committee. As a result, the effectiveness of internal controls and compliance with legislations are not being evaluated. An effective audit committee can increase the integrity and efficiency of the Commission, as well as the system of internal control and financial reporting.

An organizational structure that has the internal audit team reporting directly to the audit committee contributes to the overall integrity of the internal audit function. Under this structure, the internal audit team can serve as the audit committee's "eyes and ears" regarding the organization's ability to meet its financial and compliance responsibilities and ensure that the organization adjusts practices and internal controls as needed.

Due to the above mentioned it is therefore essential for the Commission to establish an audit committee.

2.1.2 Risk Management Policy

Risk Management is a process to identify, assess, manage and control situations, to provide reasonable assurance regarding the achievement of the Commission's objectives. The audit noted that management has not yet come up with a documented risk management policy to provide information and guidance on Risk Management.

2.1.3 Internal Audit

The organizational structure of the Commission has a provision for a position of an Internal Auditor. The audit however found that the position for Internal Auditor has been vacant since September 2013; therefore, there is a high risk of internal control weaknesses, which might lead to fraud being undetected.

WINDHOEK, March 2017



**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

1. AUDITED FINANCIAL STATEMENTS

1.1 Appropriation account

Service	2015/2016					2014/2015
	N\$	Authorized expenditure	Actual expenditure	Variations		Actual expenditure
				Under-expenditure/ (Excess)	Percent-age	
	N\$	N\$	N\$	N\$	%	N\$
01. Administration:						
Original budget	84 195 000					
Less : Virements	(20 223 603)					
Less : Suspensions	(2 579 488)	61 391 909	50 274 279.89	11 117 629.11	18.11	87 119 163.76
02. Planning, Registration and Voting:						
Original budget	132 798 000					
Plus: Virements	37 984 214					
Less: Suspensions	(57 544)	170 724 670	172 493 477.88	(1 768 807.88)	(1.04)	223 289 422.02
03. Voter Education:						
Original budgets	61 967 000					
Less: Virements	(17 369 579)	44 597 421	44 002 983.20	594 437.80	1.33	50 771 407.81
Total		276 714 000	266 770 740.97	9 943 259.03	3.59	361 179 993.59

1.2 Standard subdivisions

Subdivision	2015/2016			2014/2015
	Authorized expenditure	Actual expenditure	Under expenditure/(Excess)	Actual expenditure
	N\$	N\$	N\$	N\$
Operational:				
Current expenditure: Personnel				
001. Remuneration	40 293 810	40 061 588.84	232 221.16	15 841 747.21
002. Employer's contribution to G.I.P.F and M.P.O.O.B.P.F	1 487 928	1 481 693.21	6 234.79	1 236 591.43
003. Other conditions of service	8 100 027	7 962 788.42	137 238.58	289 640.01
005. Employer's contribution to the social security	50 793	14 576.86	36 216.14	-
Total	49 932 558	49 520 647.33	411 910.67	17 367 978.65
Current expenditure: Goods and other services				
021. Travel and subsistence expenses	6 618 996	6 536 438.72	82 557.28	2 929 178.88
022. Materials and supplies	10 345 159	10 173 261.15	171 897.85	16 745 037.30
023. Transport	11 235 377	10 848 619.28	386 757.72	53 228 784.98
024. Utilities	8 064 468	7 242 432.47	822 035.53	10 717 907.25
025. Maintenance expenses	1 745 115	1 712 539.10	32 575.90	1 194 739.36
026. Property rental and related charges	4 408 218	4 345 210.26	63 007.74	5 530 010.03
027. Other services and expenses	157 194 748	159 365 738.03	(2 170 990.03)	179 344 748.61
Total	199 612 081	200 224 239.01	(612 158.01)	269 690 406.41
Subsidies and current transfers				
041. Membership fees and subscriptions: International	350 000	350 000.00	-	260 501.54
Total	350 000	350 000.00	-	260 501.54
Total: Current expenditure	249 894 639	250 094 886.34	(200 247.34)	287 318 886.60
Operational Capital expenditure: Acquisition of capital assets				
101. Furniture and office equipment	74 798	74 713.25	84.75	6 841 835.55
103. Operational equipment, machinery and plants	12 184 563	12 163 595.17	20 967.83	66 149 366.25
Total: Capital expenditure	12 259 361	12 238 308.42	21 052.58	72 991 201.80
Total: Operational expenditure	262 154 000	262 333 194.76	(179 194.76)	360 310 088.40
Development:				
Capital expenditure: Acquisition of capital assets				
105. Feasibility studies, design and supervision	1 500 000	967 943.94	532 056.06	798 954.50
106. Purchase of land and intangible assets	4 500 000	40 872.18	4 459 127.82	70 950.69
107. Construction, renovation and improvement	8 560 000	3 428 730.09	5 131 269.91	-
Total: Development expenditure	14 560 000	4 437 546.21	10 122 453.79	869 905.19
Grand Total	276 714 000	266 770 740.97	9 943 259.03	361 179 993.59

1.3 Departmental revenue

Revenue for the year is as follows:

Revenue head	Estimate	Actual revenue 2015/2016	More/(Less) than estimated	Actual revenue 2014/2015
	N\$	N\$	N\$	N\$
Miscellaneous	1 000	50 198.69	49 198.69	66 630.53
Deposits made by political parties	30 000	736 450.00	706 450.00	175 500.00
TOTAL	31 000	786 648.69	755 648.69	242 130.53

1.4 Notes to the financial statements

1.4.1 Appropriation account: Explanations of variations exceeding 2% between authorised and actual expenditure.

Underexpenditure

Main Division 01: Administration (N\$ 11 117 629.11 – 18.11%)

The attributing factors to the underexpenditure under Capital Projects were due to the following:

The underexpenditure was caused by the projections provided to ECN by the consultants. Consultants provided ECN with the professional fees forecasts in accordance to the total amount estimate which were based on the estimated construction costs estimated during feasibility studies. The project coordinator at the Department of Works (DoW) responsible for ECN projects provided ECN with the total cost of professional fees estimated as follows:

Oshana Region (Oshakati Office) N\$10 000 000
 Kavango East (Rundu Office) N\$ 13 000 000
 Ohangwena Region (Eenhana Office) N\$ 15 000 000

Whereas the total budget for the financial year was a mere N\$ 14 560 000, it was understood that a 60% cost to the construction estimated cost should be paid at the finalization of the documentation phase which was end of March 2016. With this understanding and considering the total development budget at hand, ECN had no other alternative but to shelf Eenhana's second phase which was design and documentation and continue with only two (2) regions (Oshana and Kavango East) due to limited funding. However, during the course of the year, consultants could not complete the work on time, therefore only 30% of the funds were utilized till the financial year end, which resulted in an underexpenditure of 70%.

It is also worth noting that during the year under review, a directive was issued to all O/M/As with restriction of virementing funds from development budget for other purposes, hence ECN could not utilize the funds for other major activities from the development budget before the closure of the financial year.

1.4.2 Revenue: Explanations of variations exceeding N\$ 200 000

Deposits made by Political Parties:

The estimate of N\$ 30 000 for Deposits made by Political Parties during the 2015/2016 was to keep the account code active. During the year under review, the Electoral Commission collected N\$ 736 450 as deposits made by Political Parties to participate in the 2015 Regional and Local Authorities Elections as well as for the candidates who participated in the by-elections.

It is against this background that the variance on this revenue head was as a result of the number of the Political Parties who participated in the elections that increased the collections to more than was estimated.

2. GENERAL INFORMATION

2.1 Capital projects

The following was the development project of the Commission for the year under review:

Nature of project	Approved total budget	Total expenditure as at 31/03/2015	Approved appropriation 2015/2016	Actual expenditure 2015/2016	Total expenditure as at 31/03/2016	Expected year of completion
	N\$	N\$	N\$	N\$	N\$	
Construction of Electoral Commission of Namibia Regional Offices	123 969 000	1 578 493.78	14 560 000	4 437 546.21	6 016 039.99	31 March 2022
Total	123 969 000	1 578 493.78	14 560 000	4 437 546.21	6 016 039.99	

2.2 Commissions and Special Committees

The total costs incurred by the Electoral Commission Board Members amounted to N\$ 1 568 383.38.

2.3 Outstanding Subsistence Advances

The Accounting Officer reported a total of ten (10) cases of outstanding subsistence advances amounting to N\$ 39 084.89 as at 31 March 2016.

2.4 Bursaries and study assistance

The Electoral Commission provided five (5) staff members with financial assistance for studies at various local and international institutions to a total amount of N\$ 194 931.80.

2.5 Exemption from normal Tender Board procedures

The Tender Board approved the following deviations from normal Tender Board procedures for procurement and services valued at N\$ 89 680 605:

Exemption number	Description	Approved exemption	Actual expenditure	Variance
E 1/8-1/2015	Travel & subsistence expenses	N\$ 3 729 701	N\$ 152 972.24	3 576 728.76
	Materials & supplies	10 479 000	3 529 725.42	6 949 274.58
	Transport	17 861 904	386 425.11	17 475 478.89
	Utilities	670 000	999 630.29	(329 630.29)
	Maintenance expenses	4 279 000	190 220.43	4 088 779.57
	Property rentals and other related charges	5 586 000	902 298.68	4 683 701.32
	Other services & expenses	31 097 000	22 859 008.60	8 237 991.40
	Membership fees & subscriptions	350 000	350 000.00	-
	Furniture & Equipment			
	Operational Equipment, Machinery & Plants	3 000 000	36 327.70	2 963 672.30
		12 628 000	218 824.03	12 409 175.97
	Total		89 680 605	29 625 432.50

2.6 Points keeping stock and annual stocktaking

The Accounting Officer reported that two (2) points were inspected by the Commission for the year under review and the total value of all stores and equipment on hand was N\$ 60 000 000.

2.7 Stores and Depots

The Accounting Officer reported on the estimated value of Stock on hand at 31 March 2016 amounting to N\$ 9 419 705.08.

2.8 Internal inspections

The Accounting Officer reported that two (2) internal inspections were conducted at Head Office and Logistics Store by the Commission during the financial year under review. All reports were found to be satisfactory.

2.9 Motor vehicle accidents

The Accounting Officer reported four (4) vehicles that were written-off with a value of N\$ 204 000 during the financial year under review.

2.10 Motor vehicles on hand - Own fleet

The Accounting Officer reported a total number of one hundred and twenty eight (128) vehicles on hand as at 31 March 2016.

2.11 Wellness

The Accounting Officer reported expenditure amounting to N\$ 62 243.35 in respect of wellness activities during the year under review.

2.12 Suspense accounts

The final ledger shows three (3) suspense account balances of the Commission as at 31 March 2016 as follows:

Description	Debit/(Credit)
S&T advance suspense account	N\$ 111 205.37
Rejection account	(368.35)
Bills payable	3 801 664.09

WINDHOEK, 2016-10-31

**PROFESSOR PAUL JOHN ISAAK
ACCOUNTING OFFICER**

