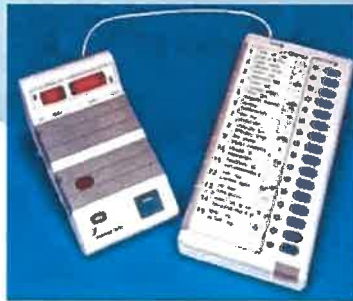
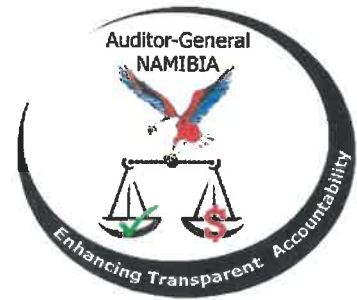




REPUBLIC OF NAMIBIA



**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE
ELECTORAL COMMISSION OF NAMIBIA
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017**

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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 of Namibia for the financial year ended 31 March 2017 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 2018

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

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

DEFINITIONS

<p>Types of Audit Opinions:</p>	<p>Unqualified Opinion. In an unqualified report, the auditors conclude that the financial statements of your O/M/A's present fairly its affairs in all material aspects.</p> <p>Qualified Opinion. An auditor's report is qualified when there is either a limitation of scope in the auditor's work, or when there is a disagreement with management regarding application, acceptability or adequacy of accounting policies.</p> <p>Disclaimer Opinion. Auditor's do not express an opinion on the financial position of a firm because they have not completed an examination of its accounts or the examination is not broad enough in scope to enable them to form an opinion.</p> <p>Adverse Opinion. The Financial statement of an O/M/A's do not fairly present its actual financial position and the required information was either not disclosed, or (if disclosed) was inadequately disclosed or was inaccurate.</p>
<p>Treasury:</p>	<p>Financial authority in public service. (The department of Government that has control over the collection, management and disbursement of public revenue).</p>
<p>Vote:</p>	<p>Represents an Office/Ministry/Agency.</p>
<p>Appropriation Act:</p>	<p>Estimate of expenditure and revenue for a particular financial year presented to the National Assembly, the Act passed by Parliament.</p>
<p>Appropriation Account:</p>	<p>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.</p>
<p>Standard sub-division:</p>	<p>Government balance account, showing balances incurred on each account/activity.</p>
<p>Suspension:</p>	<p>Reduction on budget (Treasury may from time to time withhold or suspend any amount in an estimate of expenditure).</p>
<p>Virement:</p>	<p>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.</p>
<p>Unauthorised Expenditure:</p>	<p>Expenditure that exceeds the amount appropriated (budgeted) for a vote, main division or subdivision.</p>
<p>Underexpenditure:</p>	<p>Saving on the budget.</p>
<p>Miscellaneous Revenue:</p>	<p>All revenue collected and not having a specified revenue code.</p>
<p>Tender Board Exemptions:</p>	<p>To free from an obligation (Tender Board Regulations) to which others are subjected.</p>
<p>Commitments:</p>	<p>Funds reserved to acquire goods or services from a supplier.</p>
<p>Suspense accounts:</p>	<p>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.</p>
<p>S&T Advance Suspense Account:</p>	<p>A suspense account reflecting the outstanding subsistence and travel advances.</p>

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 specified.
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)
Materiality:	Is a concept or convention relating to the importance or significance of an amount, transaction, or discrepancy that effects the decision of the user.

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**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE
ELECTORAL COMMISSION OF NAMIBIA
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017**

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 2017 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 2017. These financial statements comprise the following statements 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 Section 13 of the State Finance Act, 1991.

Notes to the financial statements and general information are provided by the Accounting Officer and are attached as Annexure A.

1.2 MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of financial statements in accordance with Sections 12 & 13 of the State Finance Act, 1991 (Act 31 of 1991) and relevant legislation, and for such internal controls 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 for Supreme Audit Institutions (ISSAIs) and in compliance with the relevant laws and regulations. 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 misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls 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 controls.

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

The total budget of the Commission was underspent with an amount of N\$ 8 149 422.67 (5.31%). These funds could have been used for other pressing needs in the country. It is furthermore noted with grave concern that the Commission has underspent its total budget for the fourth (4th) consecutive year 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
2016/2017	8 149 422.67	5.31

It is recommended that the Accounting Officer should put measures in place to avoid underspending of the budget and comply with the Treasury Instruction DC 0202 which stipulates that when drawing up draft estimates, Accounting Officers and their Financial Advisers shall take note or guard against that more funds than can reasonably be spent shall not be requested.

Management Comments

In his comment on the draft report, the Accounting Officer indicated that the Commission agrees to the audit finding and has put measures in place to conduct internal budget consultations and quarterly budget reviews with all budget holders.

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):

Although Treasury approval was obtained to utilise expected savings for the defrayal of excess expenditure by way of virements during the year, four (4) operational subdivisions were exceeded with a total amount of N\$ 143 335.70 this excess is unauthorised in terms of Section 6(a) (iii) of the Act.

It is recommended that the Accounting Officer should monitor the budget regularly in order to ensure that funds are available before expenditure is incurred.

Management Comments

In his comment on the draft report, the Accounting Officer indicated that the unauthorised expenditure was supposed to be covered by the approved virements, however the error with regard to the posting of the virements to the general ledger was committed by the Ministry of Finance.

1.5 ACKNOWLEDGEMENT


The assistance and co-operation of the management and staff of the Electoral Commission of Namibia during the execution of the audit is highly 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 2017 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 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).

WINDHOEK, March 2018



**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

1. AUDITED FINANCIAL STATEMENTS AND NOTES

1.1 Appropriation Account

Service	2016/2017				2015/2016
	Authorized expenditure	Actual expenditure	Variations		Actual expenditure
			Under-expenditure/ (Excess)	Percentage	
N\$	N\$	N\$	N\$	%	N\$
01. Administration:					
Original budget	97 975 940.00				
Plus: Virement	21 287 781.00				
Less: Suspension	(16 477 630.30)	102 786 090.70	98 402 629.74	4 383 460.96	4.26
					50 274 279.89
02. Planning Registration and Voting:					
Original budget	49 538 240.00				
Less: Virement	(13 615 994.00)				
Less: Suspension	(12 989 387.55)	22 932 858.45	21 043 408.15	1 889 450.30	8.24
					172 493 477.88
03. Voter Education and Information Dissemination:					
Original budget	45 739 820.00				
Less: Virement	(7 671 798.70)				
Less: Suspension	(10 302 774.72)	27 756 246.58	25 888 746.87	1 876 499.71	6.76
					44 002 983.20
Total	153 484 195.73	145 334 784.76	8 149 410.97	5.31	266 770 740.97

1.2 Standard subdivisions

Subdivision	2016/2017			2015/2016
	Authorized expenditure	Actual expenditure	Under-expenditure/ (Excess)	Actual expenditure
	N\$	N\$	N\$	N\$
Operational:				
Current expenditure: Personnel				
001. Remuneration	38 639 798.93	36 103 278.58	2 536 520.35	40 061 588.84
Employer's contribution to the G.I.P.F. and				
002. M.P.O.O.B.P.F.	1 534 222.00	1 533 691.24	530.76	1 481 693.21
003. Other conditions of service	6 581 041.00	5 578 474.60	1 002 566.40	7 962 788.42
005. Employers contribution to the social security commission	25 393.00	1 040.56	24 352.44	14 576.86
Total	46 780 454.93	43 216 484.98	3 563 9 69.95	49 520 647.33
Current expenditure: Goods and other services				
021. Travel and subsistence allowance	4 000 913.24	2 885 429.09	1 115 484.15	6 536 438.72
022. Materials and supplies	4 621 713.00	3 885 892.94	735 820.06	10 173 261.15
023. Transport	67 551 644.00	67 511 512.54	40 131.46	10 848 619.28
024. Utilities	8 083 396.00	7 130 491.36	952 904.64	7 242 432.47
025. Maintenance expenses	1 796 659.00	1 582 620.40	214 038.60	1 712 539.10
026. Property rental and related charges	1 931 957.00	1 855 657.14	76 299.89	4 345 210.26
027. Other services and expenses	8 363 549.33	7 756 852.74	606 696.59	159 365 738.03
Total	96 349 831.57	92 608 456.21	3 741 375.36	200 224 239.01
Subsidies and current transfers				
041. Membership fees and subscriptions: International	378 520.00	318 186.25	60 333.75	350 000.00
Total	378 520.00	318 186.25	60 333.75	350 000.00
Total: Current expenditure	143 508 806.50	136 143 127.44	7 365 679.06	250 094 886.34
Operational Capital expenditure: Acquisition of Capital Assets				
101. Furniture and office equipment	1 280 123.76	1 047 646.49	232 477.27	74 713.25
103. Operational equipment, machinery and plants	10 277.00	22 276.90	(11 999.90)	12 163 595.17
Total: Capital expenditure	1 290 400.76	1 069 923.39	220 477.37	12 238 308.42
Total: Operational expenditure	144 799 207.26	137 213 050.83	7 586 156.43	262 333 194.76
Development:				
Capital expenditure: Acquisition of capital assets				
105. Feasibility studies, design and supervision	3 974 131.00	3 410 864.93	563 266.07	967 943.94
106. Purchase of land and intangible assets	950 000.00	950 000.00	-	40 872.18
107. Construction, renovation and improvement	3 760 869.00	3 760 869.00	-	3 428 730.09
Total: Development expenditure	8 685 000.00	8 121 733.93	563 266.07	4 437 546.21
Grand Total	153 484 207.26	145 334 784.76	8 149 422.50	266 770 740.97

1.3 Departmental revenue

Revenue for the year is as follows:

Revenue head	Estimate	Actual revenue 2016/2017	More/(Less) than estimated	Actual revenue 2015/2016
	N\$	N\$	N\$	N\$
Miscellaneous	-	34 897.37	34 897.37	50 198.69
Deposits made by political parties	-	(2 500.00)	(2 500.00)	736 450.00
Total	-	32 397.37	32 397.37	786 648.69

1.4 Notes to the financial statements

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

Underexpenditure

Main division 01: Administration (N\$ 4 383 460.96- 4.26%)

Administration recorded an overall 95.74% execution rate inclusive of Capital Project. However, the overall operational budget execution rate for this Main Division stood at 96% with a variance of 4%. However, a huge underspending was realized under personnel expenditures, the execution rate under personnel expenditure, stood at 89% less than voted;

The Electoral Commission took cognizance of the directives communicated in the internal office memo dated 18 July 2017 on expenditure control and cash management, hence it is indeed worth noting that the year under review was a difficult year for the entire government to ensure that all activities as planned are implemented. Thus the principle of prioritizing among priorities took precedence. This directive was married together with the directive from Cabinet to contain the wage bill. Consequently, during the year under review overall, ECN experienced staff turnover mainly temporary employees and few permanent employees who got promotional positions to other O/M/As. Therefore, during the year, the following positions remained vacant;

- One HRM Grade 8;
- One Learning and Development Officer Grade 8;
- Internal Auditor Grade 8;
- Two temporary IT employees;
- Two temporary Account Assistants; and
- One Driver.

This resulted in underspending of N\$ 2 042 196 on personnel expenditures for Main-Division 01 Administration. However, all vacant permanent positions were filled except for the temporary positions and the Internal Auditor position. The other notable expenditure of 5% was on capital projects, which was due to the following:

The Ministry of Works and Transport, Department of Capital Project Management was informed by ECN after receiving the final ceilings for the 2017-2020 MTEF that ECN will not have any budgetary provisions for 2017/2018 financial year hence all invoices for the year under review was requested from Department of Works (DoW) for ECN to settle them before the closure of the financial year. Despite the numerous communications to Department of Works (DoW), invoices were only received in April and May 2017, hence the funds earmarked to settle these invoices was not utilized as planned during the year of review.

Main division 02: Planning, Registration and Voting (N\$ 1 889 450.30- 8.24%)

This underexpenditure was attributed to the following factors:

The Division Planning and Registration had one (1) vacancy which was budgeted for and also noted a resignation of one (1) permanent staff member and two (2) temporary IT Technicians during the period under review mostly due to job insecurity as well as for greener pastures. This resulted in underspending on salaries and other benefits as the funds budgeted for remuneration and other benefits for staff in the Division over the period could not be utilized as anticipated. However, the position of Chief Administration Officer has been filled, but the vacancy for the Administrative Officer is still not filled as it was rejected for clearance reasons being the Public Sector need to contain the wage bill during this economic hardship being experienced by the public sector.

The budget cuts on travel and subsistence allowance was as a result of the stringent budget cuts introduced by Treasury whereby all funds related to Travelling and Subsistence was never released for expenditure. This resulted in scaling down of all planned activities which involved travelling by the staff in the planning and registration division for the year under review. The division is charged mainly with the responsibility of coordinating and facilitating the conduct of electoral processes. During the period under review, the Division projected a minimum of three (3) by-elections but no by-election was conducted as occurrence of any by-elections is beyond the institutions control, and this resulted in underspending. In addition, the slow release of funds on a monthly basis by MoF contributed significantly to underspending as this made it very difficult if not impossible to make funds available for transfer to the main or subdivision where funds could have been needed.

Main division 03: Voter Education (N\$ 1 876 511.41-6.76%)

The Electoral Commission acknowledges the underutilization of 6.76% less than voted, the overall execution rate for the main division three (3) stood at 98.7% with a variance of 1.3% less than voted, thus the variance is within the allowable variation in terms of Section 13(1) and (2) of the State Finance Act, 1991 (Act 31 of 1991) which is attributed as a result of the following factors:

The Division Democracy Building experienced resignation of staff members, especially temporary staff during the period under review mostly due to job insecurity as well as further studies. This resulted in underspending on salaries as the funds budgeted for remuneration and other benefits for the employees in the Division over the period was not fully utilized as anticipated. Another contributing factor to the underspending within the division was the result of the vacant position of the Chief Information Officer which was not filled during the period under review and to date the position is still vacant due to the directive issued by Cabinet to contain the public service wage bill. A clearance for recruitment and filling of these positions was requested from the Secretary to Cabinet but was rejected.

The monthly budget reversal of unutilized funds back to budget ledger introduced by Treasury related to travelling and subsistence as well as materials and supplies which was reversed on monthly basis made it very difficult for the utilization of these funds. This resulted in scaling down of all voter education activities for the year under review.

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 at 31/03/2016	Approved appropriation 2016/2017	Actual expenditure 2016/2017	Total expenditure at 31/03/2017	Expected year of completion
	N\$	N\$	N\$	N\$	N\$	
Construction of Electoral Commission of Namibia Regional Offices	111 976 000	6 016 039.99	8 685 000	8 121 733.93	14 137 773.92	31 March 2022
Total	111 976 000	6 016 039.99	8 685 000	8 121 733.93	14 137 773.92	

2.2 Commissions and Special Committees

The total costs incurred by the Electoral Commission Board Members amounted to N\$ 1 436 750.96.

2.3 Outstanding subsistence advances

The Accounting Officer reported a total of twenty six (26) cases of outstanding subsistence advances amounting to N\$ 59 772.66 as at 31 March 2017.

2.4 Bursaries and study assistance

The Electoral Commission provided six (6) candidates with financial assistance for studies at various local and international institutions amounting to N\$ 94 455.

2.5 Stores and Depots

The Accounting Officer reported on the estimated value of stock on hand at 31 March 2017 amounting to N\$ 64 742 661.19. Shortages to the value of N\$ 329 081.28 was also reported by the Accounting Officer.

2.6 Motor Vehicles on hand - Own fleet

The Accounting Officer reported a total number of one hundred and twenty-three (123) vehicles on hand as at 31 March 2017.

2.7 Wellness

The Accounting Officer reported expenditure amounting to N \$ 36 494.87 in respect of wellness activities during the year under review.

2.8 Suspense Accounts

The final ledger shows four (4) suspense account balances of which three (3) had debit balance and one (1) credit balance as at 31 March 2017 as follows:

Suspense account	Balance as at 31 March 2017 Debit/(Credit)
	N\$
S&T advance suspense account	59 641.66
Rejection account	(42 410.00)
Bills payable	4 554 916.17
Pension Funds: GIPF	639.53

2.9 Exemption from normal Tender procedures

The Accounting Officer reported an approved Tender Board exemption (E1/8-1/2016) amounting to N\$ 41 804 214.00 and actual expenditure amounting to N\$ 10 924 064.63 for various goods and services for the period under review as follows:

Exemption Number	Description	Approved amount	Actual expenditure	Difference
		N\$	N\$	N\$
E1/8-1/2016	Travel & Subsistence Expense	565 254.00	184 676.00	380 578.00
	Materials & Supplies	4 840 500.00	3 458 163.56	1 382 336.44
	Transport	5 400 000.00	0.00	5 400 000.00
	Utilities	2 358 600.00	602 843.40	1 755 756.60
	Maintenance	5 820 000.00	527 663.62	5 292 336.38
	Property Rentals	1 980 000.00	740 657.67	1 239 342.33
	Other services	16 440 000.00	6 413 035.44	10 026 964.56
	Subscription & Membership fees	400 000.00	318,186.25	81 813.75
	Furniture & Equipment	0.00	0.00	0.00
	Operational Equipment and Machinery	975 000.00	19 276.90	955,723.10
Total		38 779 354.00	12 264 502.84	26 514 851.16

WINDHOEK, 2017-10-18

PROFESSOR PAUL JOHN ISAAK
ACCOUNTING OFFICER

