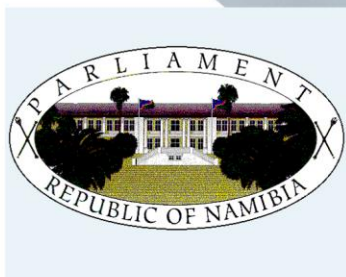




REPUBLIC OF NAMIBIA



REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE

NATIONAL ASSEMBLY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

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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 National Assembly for the financial year ended 31 March 2014 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, April 2015

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

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**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF
THE NATIONAL ASSEMBLY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014**

1. REPORT ON THE FINANCIAL STATEMENTS

1.1 INTRODUCTION

This report on the accounts of the National Assembly for the financial year ended 31 March 2014 is presented to the National Assembly in accordance with 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 National Assembly for the year ended 31 March 2014. These financial statements comprise the following statements submitted for the year ended.

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

The appropriation accounts were submitted timeously to the Auditor-General on 7 October 2014 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.

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 the Section 12 and 13 of the State Finance Act, 1991 (Act 31 of 1991) and relevant legislation, and for such internal control as management determines it necessary to enable the preparation of financial statements that are free from material misstatement, 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). 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 misstatement.

Powers and Duties

Section 25(1)(c) of the State Finance Act, 1991 (Act 31 of 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(Act 31 of 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 Expenditure

The total budget of the Assembly was underspent with an amount of N\$ 7 207 371.51 (5.87%). However, the following unauthorized expenditure occurred during the financial year and is hereby reported as such.

Three (3) subdivisions were exceeded by a total amount of N\$ 10 694.20. This amount is unauthorized in terms of Section 6(a)(iii) of the State Finance Act.

The Accounting Officer should put measures in place to prevent unauthorized expenditure and also avoid such high underspending of the budget.

Management Comment

In his response on the draft report, the Accounting Officer stated that the Assembly is in the process to put measures in place to prevent a reoccurrence, but the bureaucratic process in the filling of vacancies and the huge staff turnover always curtails the process.

1.4.2 Subsistence advances

The suspense account indicates a debit balance of N\$ 21 423.50 whereas the Accounting Officer reported an outstanding amount of N\$ 136 370.10 as outstanding Subsistence Advances leaving a difference of N\$ 114 946.60.

It is recommended that the Accounting Officer should always conduct a thorough reconciliation of the S&T Advance Suspense Account with the actual outstanding DSA advances as reflected in the DSA System (Debit Balance List) at the end of the financial year and rectify a differences identified before the closing of the books.

Management Comment

In his response on the draft report, the Accounting Officer indicated that he takes cognisance of the risk factor and strive to always carry out reconciliations in order to take the necessary corrective actions.

1.4.3 Tender Board exemption

Although, approval was obtained from the normal tender procedures with exemption number E1/25-1/2013, two subdivisions namely; Subsistence and Travelling Allowances, and Utilities have exceeded the approved amounts by N\$ 533 031 and N\$ 4 393 000 respectively. Additionally, a difference of N\$150 000 was noted on Utilities between the amount reported by the Accounting Officer (N\$ 3 669 000) and those approved by Tender Board (N\$ 3 819 000). Furthermore, despite the above discrepancies, the statement could also not be verified because there was no system in place to avoid exceeding the exemptions.

The Accounting Officer should put measures in place to avoid exceeding approved Tender Board Exemption in future by implementing a register.

Management Comment

In his response on the draft report, the Accounting Officer stated that the Assembly takes cognisance of the risk factor and the recommendations. Management will ensure that a register is implemented as soon as possible.

1.4.4 Points keeping stock and stocktaking

As per Treasury approval ref 20/11/3/1/3 of 2011/09/30, members of Parliament residences are registered as stock control points in terms of Treasury Instruction KA 0902. However, for the past three consecutive years, no stocktaking was carried out at these stock points.

It was also observed that stocktaking was carried out at two (2) inspection points namely- Head Office and Swakopmund Guest House during the financial year under review. However, the report submitted indicates only one stocktaking was carried out at Head office.

It is recommended that the Accounting Officer should ensure that stocktaking is carried out annually at all points as required by Treasury Instruction KA 0902.

Management Comment

In response on the draft report the Accounting Officer stated that according to the Public Office Bearers (Remuneration and Benefits) Commission, the President on 11 April 2013 inter alia approved that *“At the expiry of the term of office, furniture purchased for a public office bearer entitled thereto shall become his or her property.”*

1.5 ACKNOWLEDGMENT

The co-operation and assistance by the management and staff of the National Assembly during the audit is appreciated.

1.6 UNQUALIFIED AUDIT OPINION

I certify that I have audited the financial statements of the National Assembly for the financial year ended 31 March 2014 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 the National Assembly as at 31 March 2014, and their financial performance and their cash flows 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, April 2015

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

1. AUDITED FINANCIAL STATEMENTS

1.1 Appropriation account

Service	2013/2014				2012/2013	
	Authorized expenditure	Actual expenditure	Variations		Actual expenditure	
			Under-expenditure/ (Excess)	Percentage		
	N\$	N\$	N\$	%	N\$	
01. Legislative Management:						
Original budget	14 872 000	14 872 000	13 445 197.11	1 426 802.89	9.59	11 221 799.88
02. Parliament Coordination and Support Services:						
Original budget	57 712 000					
Plus: Virement	755 000	58 467 000	54 604 904.49	3 862 095.51	6.61	54 098 631.95
03. Information Service:						
Original budget	9 180 000					
Less: Virement	(950 000)	8 230 000	7 878 802.61	351 197.39	4.27	6 817 169.77
04. Parliament Committee Service:						
Original budget	41 056 000					
Plus: Virement	195 000	41 251 000	39 683 724.28	1 567 275.72	3.80	34 887 045.84
Total	122 820 000	115 612 628.49	7 207 371.51	5.87	107 024 647.44	

ANNEXURE A (Continued)

1.2 Standard subdivisions

Subdivision	2013/2014			2012/2013
	Authorized expenditure	Actual expenditure	Under-expenditure/ (Excess)	Actual-expenditure
	N\$	N\$	N\$	N\$
Operational:				
Current expenditure: Personnel				
001. Remuneration	43 600 683	40 594 776.82	3 005 906.18	37 757 581.96
002. Employer's contribution to the G.I.P.F.	5 650 000	5 263 486.52	386 513.48	4 480 583.38
003. Other conditions of service	3 635 317	3 423 182.30	212 134.70	44 203.08
Total	52 886 000	49 281 445.64	3 604 554.36	42 282 368.42
Current expenditure: Goods and other services				
021. Travel and subsistence expenses	17 339 000	16 220 028.36	1 118 971.64	13 411 508.14
022. Materials and supplies	556 000	501 582.16	54 417.84	1 155 045.59
023. Transport	3 875 000	3 196 860.75	678 139.25	2 663 719.36
024. Utilities	8 615 000	7 340 318.46	1 274 681.54	2 341 635.71
025. Maintenance	455 000	442 728.46	12 271.54	738 500.25
027. Other services and expenses	6 729 000	6 323 135.09	405 864.91	6 910 098.35
Total	37 569 000	34 024 653.28	3 544 346.72	27 220 507.40
Current expenditure: Membership fees and subscriptions				
041. International	2 441 000	2 446 102.57	(5 102.57)	1 828 085.41
042. Domestic	15 000	4 995.34	10 004.66	-
Total	2 456 000	2 451 097.91	4 902.09	1 828 085.41
Total: Current expenditure	92 911 000	85 757 196.83	7 153 803.17	71 330 961.23
Subsidies, grants, contributions and other current transfers				
045. Public and departmental enterprises and private Industries	29 209 000	29 183 237.82	25 762.18	28 102 005.00
Total Operational Capital expenditure	29 209 000	29 183 237.82	25 762.18	28 102 005.00
101. Furniture and office equipment	200 000	172 202.34	27 797.66	1 464 830.82
Total	200 000	172 202.34	27 797.66	1 464 830.82
Total: Operational expenditure	122 320 000	115 112 636.99	7 207 363.01	100 897 797.05
Development :				
Capital Expenditure				
105. Feasibility studies, design and supervision	-	-	-	3 615 851.99
107. Construction, renovation and improvements	500 000	499 991.50	8.50	2 510 998.40
Total: Development expenditure	500 000	499 991.50	8.50	6 126 850.39
GRAND TOTAL	122 820 000	115 612 628.49	7 207 371.51	107 024 647.44

1.3 Departmental revenue

Revenue for the year is as follows:

Revenue head	Estimate	Actual revenue 2013/2014	More/(Less) than estimated	Actual revenue 2012/2013
	N\$	N\$	N\$	N\$
Private Telephone Calls	1 500	-	(1500.00)	7 959 00
Unclaimed Cheques	435 685	-	(435 685.00)	-
Miscellaneous	50 000	192 878.66	142 878.66	1 099 493.66
Total	487 185	192 878.66	294 306.34	1 107 452.66

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: Legislative Management (N\$ 1 426 802.89 – 9.59%)

Two vacancies on the establishment were to be filled, but it did not materialise. Furthermore, a minimum amount was provided for leave gratuity, clothing allowance and household furniture for politicians, in case of an unforeseen event. Funds were viremented to provide for the Speaker, spouse and staff to attend the IPU (Inter-Parliamentary Union) activities at the end of the financial year, which were cancelled.

Main division 02: Parliamentary Coordination and Support Services (N\$ 3 862 095.51 – 6.61%)

The underexpenditure was realised due to vacant positions which could not be filled, trips that were cancelled or postponed, Electronic Fund Transfer (EFT) rejections, invoices which were not received from the suppliers and furniture that could not be procured before the closing date of the financial year.

Main division 03: Information Services (N\$ 351 197.39 – 4.27%)

The amount in question could not be utilized, as planned, due to the following reasons: Public education was not carried out in some regions as planned, the local bookshops did not have required books in stock and consequently have to order the books from outside the country. Transport funds could not be utilized to the fullest because some outreach programmes could not take place. Funds that were reserved for the rental of a photocopy machine could not be fully utilized. On maintenance and expenses, the underexpenditure came as a result of the payment for the old server that was replaced.

Main division 04: Parliamentary committee services (N\$1 567 275.72 – 3.80%)

Provision was made to procure furniture for members of Parliament in the event that a replacement, resignation or death occur, which did not happen. Funds were viremented to provide for members of parliament and staff to attend the IPU (Inter-Parliamentary Union) activities at the end of the financial year, which were cancelled.

ANNEXURE A (Continued)

The delay in the issuing of invoices for the services rendered by the Government Garage resulted in funds not being spent as appropriated. Furthermore, the entertainment allowance for Members of Parliament was not fully utilized and the provision for training for Members and staff was underutilized.

2. GENERAL INFORMATION

2.1 Capital project

Project name	Approved total cost	Total expenditure as at 31/03/2013	Approved appropriation for 2013/2014	Actual expenditure in 2013/14	Total expenditure as at 31/03/2014	Expected year of completion
National Assembly: Renovation/Upgrading of Parliament Building	N\$ 38 602 000	N\$ 40 436 838.74	N\$ 500 000	N\$ 499 991.50	N\$ 49 936 830.24	31/05/2014
Total	38 602 000	40 436 838.74	500 000	499 991.50	49 936 830.24	

2.2 Bursaries and study assistance

During the financial year under review, the Assembly awarded bursaries and study assistance to nine (9) employees to a total amount of N\$ 188 828.52.

2.3 Financial assistance by foreign instance

The National Assembly received financial assistance of US\$ 30 500 (N\$ 297 704) from the African Development Bank to finance some activities of the National Accountability conference held in Windhoek. Treasury approval was obtained.

2.4 Tender Board exemptions

Tender Board approved the following exemption from normal tender procedures to the value of N\$ 31 079 000 for the procurements of goods and services.

Exemption number	Description	Approved amount	Actual expenditure	Variance
E1/25-1/2013	Other conditions of service	N\$ 348 000	N\$ 99 200	N\$ 248 800
	Subsistence and travelling allowance	15 649 000	16 182 031	(533 031)
	Material and supplies	1 324 000	517 000	807 000
	Utilities	3 819 000	8 062 000	(4 243 000)
	Maintenance expenses	500 000	443 000	57 000
	Other services and expenses	6 653 000	2 848 800	3 804 200
	Membership fees	2 456 000	2 455 000	1 000
	Furniture and office equipment	330 000	150 202	179 798
Total		31 079 000	30 757 233	321 767

2.5 HIV/AIDS activities

Expenditure amounting to N\$ 17 650.06 was incurred by the National Assembly in respect of HIV/AIDS and other wellness activities.

WINDHOEK, 2014-10-07

**JAKES JACOBS
ACCOUNTING OFFICER**