



**REPUBLIC OF NAMIBIA**



# **REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE NATIONAL ASSEMBLY**

**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016**

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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 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

<b>Treasury:</b>	Financial authority in public service. (The department of Government that has control over the collection, management and disbursement of public revenue).
<b>Vote:</b>	Represents an Office/Ministry/Agency.
<b>Appropriation Act:</b>	Estimate of expenditure and revenue for a particular financial year presented to the National Assembly, the Act passed by Parliament.
<b>Appropriation Account:</b>	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.
<b>Standard sub-division:</b>	Government Balance account, showing balances incurred on each account/activity.
<b>Suspension:</b>	Reduction on budget (Treasury may from time to time withhold or suspend any amount in an estimate of expenditure).
<b>Virement:</b>	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.
<b>Unauthorised Expenditure:</b>	Expenditure that exceeds the amount appropriated (budgeted) for a vote, main division or subdivision.
<b>Underexpenditure:</b>	Saving on the budget.
<b>Miscellaneous Revenue:</b>	All revenue collected and not having a specified revenue code.
<b>Tender Board Exemptions:</b>	To free from an obligation (Tender Board Regulations) to which others are subjected.
<b>Commitments:</b>	Funds reserved to acquire goods or services from a supplier.
<b>Suspense accounts:</b>	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.
<b>S&amp;T Advance Suspense Account:</b>	A suspense account reflecting the outstanding subsistence and travel advances.
<b>Rejection Account:</b>	A suspense account reflecting names and balances of all persons/companies that owe the money to the State.
<b>Budget:</b>	Is an estimation of the revenue and expenses over a specified future period of time.
<b>Subsistence Advance:</b>	Payment given in advance to an employee to reimburse accommodation, meal and incidental expenses, while on an official assignment.
<b>Performance Information:</b>	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).



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**REPORT OF THE AUDITOR-GENERAL  
ON THE ACCOUNTS OF THE NATIONAL ASSEMBLY  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016**

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**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 2016 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 2016. These financial statements comprise the following statements submitted for the year ended:

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

The appropriation account was 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.

**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, 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, 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.

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 Unauthorised expenditure**

The under mentioned 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 authorization was obtained to utilize certain expected saving for the defrayal of expenditure by way of virement during the year, one (1) operational subdivision was exceeded by an amount of N\$ 6 353.54. This excess is unauthorised in terms of Section 6(a)(iii) of the State Finance Act,1991(Act 31 of 1991).

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

### **1.4.2 Miscellaneous**

Although Treasury Instruction BB 0101(i) states that the Accounting Officer shall be responsible for the accuracy of the accounting records, accounts and other financial documents under his control, the Accounting Officer reported that miscellaneous revenue collected during the financial year under review amounting to N\$ 7 698.00 whereas the revenue ledger indicates an amount of N\$ 426 432.59 leaving a difference of N\$ 418 734.59.

Furthermore, the Accounting Officer did not explain the variance of miscellaneous revenue as required by Circular D12/2016 of the Auditor-General.

It is strongly recommended that the Accounting Officer should explain why there is difference between the General ledger amount and the reported amount and should also explain the variance as required by Circular D12/2016 of the Auditor-General.

### **Management comment**

In her response on the draft report, the Accounting Officer indicated that the Assembly regrets to acknowledge that the reconciliation of miscellaneous revenue was not done.

### 1.4.3 Subsistence Advances

The Subsistence and travelling advance suspense account (S&T advance suspense account) shows an outstanding balance on 31 March 2016 of N\$ 359 867.06 whereas the Subsistence and Travelling advance account reflects an amount of N\$ 209 758.16 leaving a difference of N\$ 150 108.09.

It is recommended that the Accounting Officer should always reconcile the S&T Advance suspense account with the actual outstanding advances as reflected in the Subsistence and Traveling advance account at the end of the financial year and rectify the difference identified before the closing of the books.

#### Management comment

In her response on the draft report, the Accounting Officer indicated that the Assembly regrets to acknowledge that the reconciliation of the suspense account was not done as required.

### 1.4.4 Suspense accounts

The final ledger shows thirteen (13) suspense account balances as at 31 March 2016 of which eight (8) had credit balances and five (5) had debit balances as indicated below:

Suspense Accounts	Balance as at 31 March 2016 Debit/(Credit)
	N\$
Receipt suspense	(4 669.33)
S&T advance suspense account	359 867.06
Rejection account	(97 034.47)
Bills payable	(669 092.73)
Electronic fund transfer clearing	10 240.00
Social Security	111 065.15
Tax code	(273 505.26)
Pension Funds: GIPF	(6 290.59)
Pension Funds: Political Office Bearers	(88 961.08)
Standard Bank	(886.30)
First National Bank	4 630.00
Debt Establishment	(5 818.20)
IFMS debit acceptance: Government Garage	3 750.00

It is recommended that the Accounting Officer should put more effort on reconciliation of all suspense accounts and suspense control accounts at the end of the financial year and clear balances before the closing of the books.

#### Management comment

In her response on the draft report, the Accounting Officer indicated that the Assembly regrets to acknowledge that the reconciliation of those suspense accounts was not done as required.

## 1.5 ACKNOWLEDGMENT

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

## **1.7 UNQUALIFIED AUDIT OPINION**

I certify that I have audited the financial statements of the National Assembly 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, 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 2016, and their financial performance and their 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 EMPHASIS OF MATTERS**

Attention is drawn to the management on the following matter(s) that relate to my responsibility in the audit of the financial statements, as disclosed by the National Assembly in the financial statements:

#### **2.1.1 Underexpenditure**

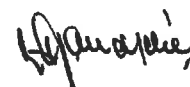
The total budget of the National Assembly was underspent with an amount of N\$ 17 439 392.45 (8.95%).

The Accounting Officer should ensure that all planned activities are executed within its timeline to avoid under spending

#### **2.1.2 Performance information**

The National Assembly does not have a strategic plan and annual plan in place. In addition, the employees do not have performance agreements and personal development plans (PDPs) as required by the Office of the Prime Minister.

It is recommended that the Accounting Officer should ensure that there is a strategic plan and annual plan in place and employees are signing performance agreements as required by the Office of the Prime Minister and personal development plans (PDPs) are implemented.



**JUNIAS ETUNA KANDJEKE  
AUDITOR-GENERAL**

**WINDHOEK, March 2017**

## 1. AUDITED FINANCIAL STATEMENTS

## 1.1 Appropriation account

2015/2016						2014/2015
Service	N\$	Authorized expenditure	Actual expenditure	Variations		Actual expenditure
				Under-expenditure/ (Excess)	Percentage	
	N\$	N\$	N\$	N\$	%	N\$
<b>01. Legislative Management:</b>						
Original budget	17 128 000					
Plus: Virements	5 866 521					
Less: Suspension	(2 456 549)	20 537 972	19 669 691.04	868 280.96	4.23	15 197 779.30
<b>02. Parliament Coordination and Support Services:</b>						
Original budget	112 753 000					
Less: Virements	(296 752)					
Less: Suspension	(6 170 287)	106 285 961	93 693 053.42	12 592 907.58	11.85	75 124 734.85
<b>03. Information Services:</b>						
Original budget	11 584 000					
Less: Virements	(212 937)					
Less: Suspension	(2 089 771)	9 281 292	8 175 451.98	1 105 840.02	11.91	11 507 053.83
<b>04. Parliament Committee Services:</b>						
Original budget	68 036 000					
Less: Virements	(4 388 584)					
Less: Suspension	(4 980 641)	58 666 775	55 794 411.11	2 872 363.89	4.90	49 288 266.59
<b>Total</b>		<b>194 772 000</b>	<b>177 332 607.55</b>	<b>17 439 392.45</b>	<b>8.95</b>	<b>151 117 834.57</b>

## 1.2 Standard subdivisions

Subdivision	2015/2016			2014/2015
	Authorized expenditure	Actual expenditure	Under-expenditure/ (Excess)	Actual-expenditure
	N\$	N\$	N\$	N\$
<b>Operational</b>				
<b>Current expenditure: Personnel</b>				
001. Remuneration	60 566 294	59 206 426.23	1 359 867.77	50 933 882.56
002. Employer's contribution to the G.I.P.F.	9 515 700	8 411 642.34	1 104 057.66	7 360 939.80
003. Other conditions of service	9 508 944	8 670 023.65	838 920.35	3 496 021.25
005. Employer's contribution to the Social Security	122 000	2 755.94	119 244.06	-
<b>Total</b>	<b>79 712 938</b>	<b>76 290 848.16</b>	<b>3 422 089.84</b>	<b>61 790 843.61</b>
<b>Current expenditure: Goods and other services</b>				
021. Travel and subsistence expenses	17 500 000	15 958 550.69	1 541 449.31	15 824 508.89
022. Materials and supplies	830 120	659 847.51	170 272.49	859 699.14
023. Transport	6 779 190	5 666 962.06	1 112 227.94	3 728 640.29
024. Utilities	4 995 580	4 191 291.17	804 288.83	6 798 894.39
025. Maintenance	1 052 140	723 764.93	328 375.07	658 415.35
026. Property rental and other related expenses	5 287 582	4 732 747.89	554 834.11	-
027. Other services and expenses	8 688 320	7 962 905.77	725 414.23	7 766 175.13
<b>Total</b>	<b>45 132 932</b>	<b>39 896 070.02</b>	<b>5 236 861.98</b>	<b>35 636 333.19</b>
<b>Current expenditure: Membership fees and subscriptions</b>				
041. International	2 516 000	2 423 776.44	92 223.56	2 243 294.24
042. Domestic	48 030	7 027.30	41 002.70	5 563.19
<b>Total</b>	<b>2 564 030</b>	<b>2 430 803.74</b>	<b>133 226.26</b>	<b>2 248 857.43</b>
<b>Total: Current expenditure</b>	<b>127 409 900</b>	<b>118 617 721.92</b>	<b>8 792 178.08</b>	<b>99 676 034.23</b>
<b>Subsidies, grants, contributions and other current transfers</b>				
045. Public and departmental enterprises and private industries	39 201 000	37 905 046.62	1 295 953.38	30 666 196.62
<b>Total</b>	<b>39 201 000</b>	<b>37 905 046.62</b>	<b>1 295 953.38</b>	<b>30 666 196.62</b>
<b>Operational Capital expenditure</b>				
101. Furniture and office equipment	1 523 100	813 058.78	710 041.22	7 020 608.19
<b>Total</b>	<b>1 523 100</b>	<b>813 058.78</b>	<b>710 041.22</b>	<b>7 020 608.19</b>
<b>Total: Operational expenditure</b>	<b>168 134 000</b>	<b>157 335 827.32</b>	<b>10 798 172.68</b>	<b>137 362 839.04</b>
<b>Development:</b>				
<b>Capital Expenditure: Acquisition of Assets</b>				
105. Feasibility studies, design and supervision	-	-	-	12 108 170.35
107. Construction, renovation and improvements	26 638 000	19 996 780.23	6 641 219.77	1 646 825.18
<b>Total</b>	<b>26 638 000</b>	<b>19 996 780.23</b>	<b>6 641 219.77</b>	<b>13 754 995.53</b>
<b>Total: Development expenditure</b>	<b>26 638 000</b>	<b>19 996 780.23</b>	<b>6 641 219.77</b>	<b>13 754 995.53</b>
<b>GRAND TOTAL</b>	<b>194 772 000</b>	<b>177 332 607.55</b>	<b>17 439 392.45</b>	<b>151 117 834.57</b>

### 1.3 Departmental revenue

Revenue for the year is as follows:

Revenue	Estimate	Actual revenue 2015/2016	More/(Less) than estimated	Actual revenue 2014/2015
	N\$	N\$	N\$	N\$
Miscellaneous	100 000	426 432.59	326 432.59	24 468.23
<b>Total</b>	<b>100 000</b>	<b>426 432.59</b>	<b>326 432.59</b>	<b>24 468.23</b>

### 1.4 NOTES TO THE FINANCIAL STATEMENTS

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

##### Main division 01: Legislative Management (N\$ 868 280.96 - 4.23 %)

A total amount of N\$ 868 280.96 could not be spent due to the following reasons: -

- The main division had one budgeted vacant position of Deputy Director: Security Services that could not be filled due to circumstances beyond the vote control. This resulted in an additional savings on employer' contributions for Government Institution Pension Fund and Social Security Commission; this resulted in an underexpenditure of N\$ 322 504.72 on remuneration budget.
- Some planned activities of the Speaker and the Deputy Speaker could not take place due to unforeseen circumstances, while some suppliers did not submit invoices for payments until the cut-off date of the 2015/2016 financial year. Hence, an underexpenditure of N\$ 545 776.24 was realized on Goods and other services' budget.
- Budgetary provision was made for the procurement of office furniture and equipment however the cheapest suppliers selected to provide the service could not submit their obligatory documents until the closing of the financial year.

##### Main division 02: Parliamentary Coordination and Support Services (N\$ 12 592 907.58-11.85%)

#### a) Operational budget

An amount of N\$ 5 951 737.81 could not be spent due to the following reasons: -

- The main division had six (6) vacant positions of which four (4) were for Private Secretaries to Directors which could not be filled until the end of the financial year. As a result, employer's contribution to Government Institution Fund could not be made. Thus an underexpenditure of N\$ 1 123 927.92 was realized on remuneration budget.
- Considering that not all vacancies were filled during the year under review, this negatively affected the budget execution on subsistence and travelling allowance.
- Delay in submission of invoices by the Government Garage and other suppliers were also one of the contributing factors to the main divisions under spending. The property rentals and other charges were also over-estimated. This caused the under spending of N\$ 3 389 803.61 on goods and other services.
- The membership and subscription fees for domestic organisation was overestimated due to unpredictable exchange rates, while one (1) political party fund could not be paid due to unresolved issues. This lead to the under spending of N\$ 1 388 178.82 on subsidies and other current transfers as appropriated.
- Budgetary provision was made for procurements of office furniture and equipment however; the cheapest suppliers (in these case SMEs) selected to provide the service could not submit their obligatory documents until the closing of the financial year. This lead to an underexpenditure of N\$ 49 827.46.

**b) Development budget**

An amount of N\$ 6 641 219.77 could not be spent due to the following reasons: -

- The renovation of air-conditions for committee services staff under the project Upgrading /Renovation of Parliament Building could not be finalized on time as anticipated.
- A slow progress on renovation of the SADC-FORUM projects was also noticed towards the end of the financial year under review and as a result the total budget could not be executed until the end of the financial year.

**Main-division 03: Information Services (N\$ 1 105 840.02-11.91%)**

An amount of N\$ 1 105 840.02 could not be spent due to the following reasons: -

- The main division has a vacant post of Policy Analyst/Researcher Grade 6 that could not be filled due to the fact that the funds which remained after the budget cut during the Mid-Term budget review was not sufficient to fully cover the salary expenditure of the post. Secondly, Treasury could not directly link the subdivision 005 Social Security employer’s contribution to payroll which led to 100% underexpenditure on the appropriated funds, therefore, the main division realized an underexpenditure of N\$ 295 850.90 on the remuneration budget. The main division further realized an underexpenditure of N\$ 240 413.59 on Goods and Other Services due to cancellation of planned activities and delays in submission of invoices by suppliers.
- An amount of N\$ 410 000.82 could also not be spent on domestic membership fees and subscriptions due to wrong budget allocation and such funds could not be transferred to the appropriate subdivision until the end of the financial year. Furthermore, the cancellation of IT tender, led to the underexpenditure of N\$ 528 574.71 on furniture and office equipment.

**Main-division 04: Committee services (N\$ 2 872 363.89 - 4.90%)**

A total amount of N\$ 2 872 363.85 could not be spent due to similar reasons mentioned in other three aforementioned main divisions such as vacant positions, cancellation of planned activities, delays in submission of invoices and over-estimation of the budget.

**2. GENERAL INFORMATION**

**2.1 Capital projects**

Project name	Approved total cost	Total expenditure as at 31/03/2015	Approved appropriation for 2015/2016	Actual expenditure 2015/16	Total expenditure as at 31/03/2016	Expected of completion
	N\$	N\$	N\$	N\$	N\$	
National Assembly: Renovation/Upgrading of Parliament Building	48 337 000	51 157 949.35	7 114 000	6 376 818.68	57 534 768.03	31/03/ 2024
Renovation and construction of SADC-Forum House	12 155 000	425 706.07	8 290 000	2 385 961.55	2 811 667.62	31 /03/ 2018
Construction of new Parliament building	2 269 000 000	12 108 170.35	11 234 000	11 234 000.00	23 342 170.35	31/03/ 2024
<b>Total</b>	<b>2 329 492 000</b>	<b>63 691 825.77</b>	<b>26 638 000</b>	<b>19 996 780.23</b>	<b>83 688 606.00</b>	



## **2.2 Bursaries and study assistance**

During the financial year under review the National Assembly granted study assistance to one (1) employee to a total amount of N\$ 7 969.50.

## **2.3 Vehicle accidents**

Two (2) motor vehicle accidents occurred during the financial year under review; one (1) vehicle was repaired at a total cost of N\$ 12 759.75.

## **2.4 Wellness**

The National Assembly spent an amount of N\$ 25 227.53 to finance the needs of the wellness sport club of parliament to acquire some sports gear and to pay for sports facilities to be used by the club such as soccer, netball and volley ball fields.

**WINDHOEK, 2016-10-20**

**LYDIA.T. KANDETU  
ACCOUNTING OFFICER**

