



REPUBLIC OF NAMIBIA



**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE
NATIONAL ASSEMBLY
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 National Assembly 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, April 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 statements 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 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 NATIONAL ASSEMBLY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017**

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 2017 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 2017. These financial statements comprise the following statements submitted for the year ended.

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

The appropriation account was submitted to the Auditor-General on the in terms of Section 13 of the State Finance Act, 1991(Act 31 of 19941).

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 relevant 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 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 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 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

1.4.1.1 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, three (3) operational subdivisions were exceeded by an amount of N\$ 20 709.38. 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.

Management comment

In her response on the draft report, the Accounting Officer indicated that the Assembly regrets the unauthorised expenditure and takes it as a priority to make sure that sufficient budget is allocated to avoid such occurrence in the future.

1.4.1.2 Underexpenditure

The total budget of the National Assembly was underspent for the second consecutive year with an amount of N\$ 8 416 683.63 (4.15%).

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

1.4.2 Exemption from normal Tender Board procedures

The approved Tender Board exemption (E1/25-4/2016) was not provided for audit purposes.

It is recommended that the Accounting Officer should explain why the mentioned Tender Board exemption was not provided for audit purposes.

Management comment

In her responses on the draft report, the Accounting Officer indicated that an attempt was made to locate the exemption but could not find it.

1.4.3 Suspense accounts

The final ledger shows ten (10) suspense accounts balances as at 31 March 2017 of which four (4) had credit balances and six (6) had debit balances as indicated below.

Suspense Account	Balance as at 31 March 2017 Debit/(Credit)
	N\$
S&T advance suspense account	897 819.36
Rejection account	(167 281.95)
Bills payable	(359 783.48)
Electronic fund transfer clearing account(EFT)	10 240.00
Social Security	111 065.15
Tax code	(273 505.26)
Pension Funds: GIPF	12 251.57
Standard Bank (Windhoek)	(886.30)
First National Bank (Windhoek)	4 630.00
IFMS debit acceptance: Government Garage	3 750.00

It is recommended that the Accounting Officer should put more efforts 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.

1.4.4 Performance information

The National Assembly does not have a strategic plan and annual plans in place, for the second consecutive financial year under review. In addition, the employees do not have performance agreements and Personal Development Plans (PDPs) as required by the Office of the Prime Minister.

The Accounting Officer should ensure that there is a strategic and annual plan in place and employees are signing performance agreements as required by the Office of the Prime Minister.

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 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 the National Assembly as at 31 March 2017, and their financial performance and its 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, April 2018



**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

1. AUDITED FINANCIAL STATEMENTS

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. Legislative Management:						
Original budget	15 225 000.00					
Plus: Virement	3 223 000.00					
Less: Suspension	(1 659 122.19)	6 788 877.81	16 213 820.34	575 057.47	3.43	19 669 691.04
02. Parliament Coordination and Support Services:						
Original budget	137 528 000.00					
Less: Virement	(3 537 000.00)					
Less: Suspension	(13 793 298.89)	120 197 701.11	115 621 778.84	4 575 922.27	3.81	93 693 053.42
03. Information and Computer Services:						
Original budget	10 546 000.00					
Less: Virement	(220 000.00)					
Less: Suspension	(2 456 322.67)	7 869 677.33	7 124 907.62	744 769.71	9.46	8 175 451.98
04. Parliament Committee Services:						
Original budget	64 329 000.00					
Plus: Virement						
Less: Suspension		58 176 921.38	55 655 987.20	2 520 934.18	1.33	55 794 411.11
Total		203 033 177.63	194 616 494.00	8 416 683.63	4.15	177 332 607.55

1.2 Standard subdivisions

Subdivision	2016/2017			2015/2016
	Authorized expenditure	Actual expenditure	Under-expenditure/ (Excess)	Actual-expenditure
Operational	N\$	N\$	N\$	N\$
Current expenditure: Personnel				
001. Remuneration	62 974 415.05	60 371 520.19	2 602 894.86	59 206 426.23
002. Employer's contribution to the G.I.P.F.	8 962 000.00	8 803 361.31	158 638.69	8 411 642.34
003. Other conditions of service	5 177 240.00	5 072 845.30	104 394.70	8 670 023.65
005. Employer's contribution to the Social Security	162.00	162.00	-	2 755.94
Total	77 113 817.05	74 247 888.80	2 865 928.25	76 290 848.16
Current expenditure: Goods and other services				
021. Travel and subsistence expenses	15 250 000.00	12 055 216.24	3 194 783.76	15 958 550.69
022. Materials and supplies	899 000.00	754 369.64	144 630.36	659 847.51
023. Transport	2 125 000.00	2 123 357.28	1 642.72	5 666 962.06
024. Utilities	4 617 000.00	4 301 003.00	315 997.00	4 191 291.17
025. Maintenance expenses	2 868 180.00	2 239 731.97	628 448.03	723 764.93
026. Property rental and other related expenses	3 425 000.00	3 018 201.46	406 798.54	4 732 747.89
027. Other services and expenses	5 533 209.00	5 174 672.42	358 536.58	7 962 905.77
Total	34 717 389.00	29 666 552.01	5 050 836.99	39 896 070.02
Current expenditure: Membership fees and subscriptions				
041. International	2 371 000.00	2 319 255.37	51 744.63	2 423 776.44
042. Domestic	90 000.00	77 789.40	12 210.60	7 027.30
Total	2 461 000.00	2 397 044.77	63 955.23	2 430 803.74
Total: Current expenditure	114 292 206.05	106 311 485.58	7 980 720.47	118 617 721.92
Subsidies, grants, contributions and other current transfers				
045. Public and departmental enterprises and private industries	79 925 000.00	79 856 567.85	68 432.15	37 905 046.62
Total	79 925 000.00	79 856 567.85	68 432.15	37 905 046.62
Operational Capital expenditure				
101. Furniture and office equipment	530 000.00	456 544.87	73 455.13	813 058.78
Total	530 000.00	456 544.87	73 455.13	813 058.78
Total: Operational expenditure	194 747 206.05	186 624 598.30	8 122 607.75	157 335 827.32
Development:				
Capital Expenditure: Acquisition of Assets				
107. Construction, renovation and improvements	8 285 971.58	7 991 895.70	294 075.88	19 996 780.23
Total	8 285 971.58	7 991 895.70	294 075.88	19 996 780.23
Total: Development expenditure	8 285 971.58	7 991 895.70	294 075.88	19 996 780.23
GRAND TOTAL	203 033 177.63	194 616 494.00	8 416 683.63	177 332 607.55

1.3 Miscellaneous revenue

Revenue for the year is as follows:

Miscellaneous revenue	Estimate	Actual revenue 2016/2017	More/(Less) than estimated	Actual revenue 2015/2016
Miscellaneous	N\$ 50 000	N\$ 15 530.24	N\$ (34 469.76)	N\$ 426 432.59
Total	50 000	15 530.24	(34 469.76)	426 432.59

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\$ 575 057.47 -3.43 %)**

An amount of N\$ 575 057.47 was underspent due to the following reasons:

An underexpenditure of N\$ 501 202.32 occurred under subsistence and travel allowance as all planned activities could not be executed in time, in particular foreign trips, due to changes in activity dates by organizers, which coincided with the recess period of Members of Parliament.

An underexpenditure of N\$ 22 295.76 in the utilisation of material and supplies which was less than anticipated in comparison with the previous years also contributed to the underexpenditure.

Main division 02: Parliamentary Coordination and Support Services (N\$ 4 575 922.27 -3.81%)

An amount of N\$ 4 575 922.27 was underspent due to: Some delays in the process of recruitment which resulted in the underexpenditure of N\$ 1 691 431.73 on Remuneration and N\$ 99 208.22 on Employers Contribution to GIPF respectively.

An underexpenditure of N\$ 716 978.30 on subsistence and travels allowance occurred as all planned activities could not be executed in time, in particular foreign trips due to change in activity dates by organizers, which coincided with the recess period of Members of Parliament. Furthermore, the cancellation of these trips affected the staff members that were to accompany the Members of Parliament. The underutilisation of material and supplies was less than anticipated in comparison with the previous years. The utilization of utilities was reduced due to improved usage; hence the underexpenditure.

The underexpenditure on maintenance expenses was due to the overestimation of maintenance expenses for the National Assembly. An underexpenditure on other services and expenses was due as items on this vote were provided as approximations because they include provision for unforeseen expenditures. Henceforth, the budget line was overestimated resulting in underexpenditure.

The Constitution was amended to make provision for additional Members of Parliament. The National Assembly had anticipated these adjustments and made arrangements for additional funds for rental of extra office space. The rental of office space found at Capital Centre was cheaper than anticipated, hence the underexpenditure.

The underexpenditure of N\$ 12 210.60 was realized due to fluctuation of exchange rates towards payment of international bodies.

Main-division 03: Information and Computer Services (N\$ 744 769.71 -9.46%)

An amount of N\$ 744 769.71 were underspent due to: Some delays in the process of recruitment which resulted in the underexpenditure on remuneration and on other conditions of Service.

An underexpenditure on subsistence and travel allowance occurred as all planned activities could not be executed on time, in particular foreign trips due to change in activity dates by organizers, which coincided with the recess period of Members of Parliament. Furthermore, the cancellation of these trips affected the staff members that were to accompany the Members of Parliament. Not all furniture budgeted for new staff could be purchased due to the delay in the recruitment process which influenced the expenditure on furniture, hence the under expenditure of N\$ 73 455.13.

2. GENERAL INFORMATION

2.1 Capital projects

Project name	Approved total cost of project	Total expenditure as at 31/03/2016	Approved appropriation for 2016/2017	Actual expenditure for 2016/17	Total expenditure up to 31/03/2017	Expected year of completion
	N\$	N\$	N\$	N\$	N\$	
National Assembly: Renovation/Upgrading of Parliament Building	48 337 000	57 534 768.03	686 000.00	583 746.26	58 118 514.29	31/03/ 2024
Renovation and upgrading of SADC-Forum Building	12 155 000	2 811 667.62	1 000 000.00	808 177.86	3 619 845.48	31 /03/ 2018
Construction of new Parliament Building	2 269 000 000	23 342 170.35	6 599 971.58	6 599 971.58	29 942 141.93	31/03/ 2024
Total	2 329 492 000	83 688 606.00	8 285 971.58	7 991 895.70	91 680 501.70	

2.2 Bursaries and study assistance

During the financial year under review the National Assembly awarded a bursary and study assistance to three (3) employees to a total amount of N\$ 53 170.

2.3 Wellness

During the financial year under review, the National Assembly spent an amount of N\$ 14 798.50 on wellness activities.

2.4 Vehicle accidents

The Accounting Officer reported that ten (10) motor vehicle accidents occurred during the financial year under review; seven (7) vehicles were repaired at a total cost of N\$ 193 582.55.

2.5 Bank accounts

The Accounting Officer reported the following closing balance as at 31 March 2017:

Name of Bank Account	Financial Institution	Credit Balance at 31/03/2017
Commonwealth Parliament Association	Bank Windhoek	N\$ 03.04

2.6 Suspension

The appropriation account of the National Assembly reflects an amount of N\$ 24 594 822.37 that was suspended during the financial period 2016/2017.

WINDHOEK, 2017-10-18

LYDIA.T. KANDETU
ACCOUNTING OFFICER

