



REPUBLIC OF NAMIBIA



REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE

NATIONAL COUNCIL

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010

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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 Council for the financial year ended 31 March 2010 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 2011

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

**REPORT OF THE AUDITOR-GENERAL
ON THE ACCOUNTS OF THE
NATIONAL COUNCIL
FOR THE FINANCIAL YEAR ENDED
31 MARCH 2010**

1. INTRODUCTION

1.1 Report

This report on the accounts of the National Council for the financial year ended 31 March 2010 is presented to the National Assembly in accordance with the terms of Article 127(2) of the Constitution of the Republic of Namibia and Section 27(1) of the State Finance Act, 1991 (Act 31 of 1991), as amended.

1.2 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.

2. FINANCIAL STATEMENTS

The appropriation accounts were 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 the general information supplied by the Accounting Officer are attached as annexure A to this report.

3. SCOPE OF THE AUDIT

- 3.1** The Accounting Officer of the Council in co-operation with the Permanent Secretary of the Ministry of Finance is responsible for the preparation of the financial statements and for ensuring the regularity of the financial transactions therein. It is the responsibility of the Auditor-General to form an independent opinion, based on the audit, on those statements and on the regularity of the financial transactions included in them and to report his opinion to the National Assembly. The audit included:

- (a) examination on a test basis of evidence relevant to the amounts, disclosure and regularity of financial transactions included in the financial statements; and
- (b) evaluation of the overall adequacy of the presentation of information in the financial statements.

3.2 The audit was planned and performed so as to obtain all the information and explanations considered necessary to provide sufficient evidence to give reasonable assurance that:

- (a) the financial statements are free from material misstatements, whether caused by error, fraud or other irregularity;
- (b) in all material respects, the expenditure and income have been applied to the purposes intended by the legislature; and
- (c) the financial transactions conform to the authorities that govern them.

4. AUDIT OBSERVATIONS

4.1 MAIN ISSUES /FINDINGS IDENTIFIED BY THE AUDIT

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):

- (i) Although Treasury approval was obtained to utilize certain expected savings for the defrayal of excess expenditure by way of virements during the year, two (2) operational expenditure subdivisions were exceeded by a total amount of N\$ 110 025.34 which is unauthorised in terms of Section 6(a)(iii) of the Act.

In her response on the draft report, the Accounting Officer indicated that the excess occurred as a result of Political Office Bearers salary increase. She further indicated that the Ministry of Finance allocated additional Funds calculated based on 10,7% in stead of 12%.

4.1.2 Suspense accounts

The Council had outstanding balances on three (3) suspense accounts, two (2) with credit balances and one (1) with a debit balances for the year under review. The following accounts were in excess of N\$ 100 000.

Account	Debit	Credit
	N\$	N\$
S & T Advance Suspense Account	493 363.22	
Bills payable		1 955 926.73

The National Council is commented for their efforts to reconcile all suspense accounts.

4.1.3 Deviations from normal Tender Board procedures

The exempted amount on maintenance expenses as well as other services and expenses has been exceeded with an amount of N\$ 263 262.65 and N\$ 91 912.83 respectively. See paragraph 2.1, Annexure A.

The Accounting Officer should put measures in place to ensure that approved exempted amounts are not exceeded.

4.1.3 Subsistence Advances

The Accounting Officer reported outstanding subsistence advances of N\$ 456 600.31 as on 31 March 2010 whereas the S & T Advance Suspense Account reflects an amount of N\$ 493 363.22. The difference of N\$ 36 762.91 remains to be explained.

5. ACKNOWLEDGEMENT

The co-operation and assistance of the management and staff of the Council during the audit is appreciated.

6. AUDIT OPINION

I certify that I have audited the financial statements of the National Council for the year ended 31 March 2010 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 fairly present the receipts and payments of Vote 11 for the year ended 31 March 2010, and in all material respects the receipts and payments have been applied for the purposes intended by the National Assembly and conform to the authorities which govern them.

JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL

OFFICE OF THE AUDITOR-GENERAL
269 Independence Avenue
Private Bag 13299
WINDHOEK

1. FINANCIAL STATEMENTS

1.1 Appropriation account

		2009/2010			2008/2009	
Service		Authorized expenditure	Actual expenditure	Variations		Actual expenditure
				Under-expenditure/ (Excess)	Percentage	
	N\$	N\$	N\$	N\$	%	N\$
01. Office of the Chairman:						
Original budget	9 704 000.00					
Plus: Virement	333 200.00	10 037 200	7 357 822.29	2 679 377.71	26.69	6 484 735.66
02. Administration and Legislation:						
Original budget	35 301 000.00					
Less: Virement	(333 200.00)	34 967 800	33 672 485.33	1 295 314.67	3.70	30 441 131.41
		45 005 000	41 030 307.62	3 974 692.38	8.83	36 925 867.07

ANNEXURE A (Continued)

1.2 Standard subdivisions

Subdivision	2009/2010			2008/2009
	Authorized Expenditure	Actual Expenditure	Variations	Actual Expenditure
			Under-expenditure/ (Excess)	
	N\$	N\$	N\$	N\$
Operational				
Current expenditure: Personnel				
001. Remuneration	21 384 000	20 552 475.96	831 524.04	18 032 609.33
002. Employer's contribution to the G.I.P.F.	2 292 000	2 402 025.34	(110 025.34)	2 079 918.67
003. Other conditions of service	122 000	120 746.54	1 253.46	8 891.40
Total	23 798 000	23 075 247.84	722 752.16	20 121 419 .40
Current expenditure: Goods and other services				
021. Travel and subsistence expenses	9 653 200	9 023 417.30	629 782.70	7 220 781.61
022. Materials and supplies	287 000	264 174.90	22 825.10	273 092.65
023. Transport	2 380 000	2 377 420.00	2 580.00	2 294 449.51
024. Utilities	1 659 000	1 605 299.20	53 700.80	1 425 572.41
025. Maintenance	608 000	596 262.65	11 737.35	593 971.13
027. Other services and expenses	1 828 000	1 794 912.83	33 087.17	2 187 384.46
Total	16 415 200	15 661 486.88	753 713.12	13 995 251.77
Current expenditure: Membership fees and subscriptions				
041. International	1 530 000	1 508 231.46	21 768.54	1 606 946.55
042. Domestic	3 800	3 759.95	40.05	3 777.05
Total	1 533 800	1 511 991.41	21 808.59	1 610 723.60
Total: Current expenditure	41 747 000	40 248 726.13	1 498 273.87	35 727 394.77
Capital expenditure: Acquisition of assets				
101. Furniture and office equipment	554 000	552 776.56	1 223.44	275 472.30
102. Vehicles	26 000	25 522.30	477.70	923 000.00
Total: Capital expenditure	580 000	578 298.86	1 701.14	1 198 472.30
Total: Operational expenditure	42 327 000	40 827 024.99	1 499 975.01	36 925 867.07
Development:				
Capital expenditure: Goods and other services				
107. Construction renovation and improvements	2 678 000	203 282.63	2 474 717.37	-
Total: Development expenditure	2 678 000	203 282.63	2 474 717.37	-
GRAND TOTAL	45 005 000	41 030 307.62	3 974 692.38	36 925 867.07

ANNEXURE A (Continued)

1.3 Departmental revenue

Revenue for the year is as follows:

Revenue Heading	2009/2010			2008/2009
	Estimate	Actual revenue	More/(Less) than estimated	Actual revenue
	N\$	N\$	N\$	N\$
Private telephone calls	1 500	-	(1 500.00)	196.89
Unclaimed cheques	1 200	-	(1 200.00)	-
Miscellaneous	1 000	9 066.59	8 066.59	250.00
Total	3 700	9 066.59	5 366.59	446.89

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: Office of the Chairman (N\$ 2 679 377.71 – 26.69%)

The Office of the Chairman experienced an underexpenditure as a result of planned activities that were cancelled due to resumption of the National Council Sessions and other national activities. Other planned activities were cancelled by the Chairperson and Vice Chairperson due to national commitments that were engaged with. For example a planned Fujian Woman Federation meeting scheduled for 6-14 February 2010 was cancelled due to other national obligation that enjoyed priority.

As a result of the global financial crisis the National Council anticipated an increase in the exchange of the US Dollar; however the dollar remained steady and not as anticipated to fluctuate.

The underexpenditure in this division occurred as a result of subscription that was cancelled and less demand for cleaning materials. The under spending under this division was realized due to overestimated cost in regard of payment for courier charges and telephone bills.

The major contributor to underexpenditure on the development budget was realized due to delays experienced during the tendering process and the project could not start as planned, however with the agreement between all parties involved the project was postponed to the next financial year and funds were allocated as initially planned.

Main Division 02: Administration and Legislation (N\$ 1 295 314.67 – 3.70%)

The underexpenditure occurred as a result of high staff turnover during this financial year, staff members were promoted to O/M/A's and vacant position could not be filled on time during this financial year.

The underexpenditure resulted from planned activities that were cancelled because of the resumption of the National Council session. The following are some of the planned activities that were called off as a result of the resumption of the National Council session.

- a) The Standing Committee on Public Accounts could not undertake investigation visits to Omusati and Erongo Region and also could not attend the Association of Public Accounts Committee Conference, due to unforeseen circumstances.
- b) The exchange rate of the US Dollar also contributed to the underexpenditure.

The underexpenditure in this division occurred as a result of cancellation subscription for magazine and less demand for cleaning materials.

The major contributor to the underexpenditure under this division was the expenditure regarding Tax Assessment. The last debit acceptance submitted to the National Council from the Office of Prime Minister was in September 2008. Other contributors to the underexpenditure were due to overestimated cost in regard of payment towards courier charges, telephone bills and photocopy hire.

2.1 GENERAL INFORMATION

2.1 Deviation from normal Tender Board procedures

Tender exemption E1/26-1/2009 amounting to N\$ 17 247 000 was granted for the following goods and services for the period under review:

Service	Amount	Actual expenditure	Difference
	N\$	N\$	N\$
Travel and subsistence	9 225 000	9 023 417.30	201 582.70
Materials and supplies	287 000	264 174.90	22 825.10
Transport	2 380 000	2 377 420.00	2 580.00
Utilities	1 719 000	1 605 299.20	113 700.80
Maintenance expenses	333 000	596 262.65	(263 262.65)
Other services and expenditure	1 703 000	1 794 912.83	(91 912.83)
Membership fees	1 530 000	1 508 231.46	21 768.54
Furniture and equipment	70 000	-	70 000.00
Total	17 247 000	17 169 718.34	77 281.66

2.2 Capital Projects

The following was development project of the Council:

Nature of project	Approved total budget	Total expenditure at 31/03/2010	Approved appropriation 2009/2010	Actual expenditure 2009/2010	Expected year of completion
	N\$	N\$	N\$	N\$	
Upgrading National Council Chamber and old administrative building	2 676 000	203 282.63	2 678 000	203 282.63	31/03/2012

WINDHOEK, 2010-10-14

**Ms. Panduleni N. Shimutwiken
SECRETARY: NATIONAL COUNCIL**