



REPUBLIC OF NAMIBIA



REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE
NATIONAL COUNCIL
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

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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 2015 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 Council in terms of Section 27(4) of the Act.

WINDHOEK, April 2016

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

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**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE
NATIONAL COUNCIL FOR THE
FINANCIAL YEAR ENDED 31 MARCH 2015**

1. REPORT ON THE FINANCIAL STATEMENTS

1.1 INTRODUCTION

This report on the accounts of the National Council for the financial year ended 31 March 2015 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 National Council for the financial year ended 31 March 2015. These financial statements comprise the following statements submitted for the year then ended:

- Appropriation Account;
- Standard Subdivisions;
- Departmental Revenue;
- Notes to the 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.

The financial statements, notes to the financial statements and general information provided 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, 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

No major findings were observed.

1.4.1 EMPHASIS OF MATTERS

Without qualifying my audit opinion on the basis of this paragraph, I draw attention to the following matter that relates to my responsibility in the audit of the financial statements, as disclosed in the financial statements:

1.4.2 Unauthorised expenditure

Although Treasury approvals were obtained to utilise certain expected savings for the defrayal of excess expenditure through virements during the year, one (1) operational subdivision was exceeded by an amount totalling N\$ 4 802.02, which is unauthorised in terms of Section 6(a)(iii) of the Act.

1.4.3 Underexpenditure

The total budget was underspent with an amount of N\$ 12 711 900.91 (12.28%).

It is recommended that the Accounting Officer should put measures in place to avoid underexpenditure and ensure that budgeted and planned activities are carried out timely.

1.5 ACKNOWLEDGEMENT

I would like to express our appreciation for the courtesy extended and assistance rendered by the staff of the National Council during the audit.

1.6 UNQUALIFIED AUDIT OPINION

I certify that I have audited the accompanying financial statements of the National Council for the financial year ended 31 March 2015 in accordance with the terms of Article 127(2) of the Namibian Constitution and Section 25(1) of the State Finance Act, Act 31 of 1991.

In my opinion, the financial statements present fairly, in all material respects the financial position of the National Council of Namibia, as at 31 March 2015, 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).

WINDHOEK, April 2016

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

1. AUDITED FINANCIAL STATEMENTS

1.1 Appropriation account

2014/15					2013/2014	
Service	Authorized expenditure	Actual expenditure	Variations		Actual expenditure	
			Under-expenditure/ (Excess)	Percentage		
	N\$	N\$	N\$	%	N\$	
01. Office of the Chairman:						
Original budget	12 149 000					
Plus: Virement	660 000	12 809 000	11 842 908.23	966 091.77	7.54	10 089 001.72
02. Administration and Legislation:						
Original budget	91 347 000					
Less: Virement	(660 000)	90 687 000	78 941 190.86	11 745 809.14	12.95	61 803 609.99
Total	103 496 000	90 784 099.09	12 711 900.91	12.28	71 892 611.71	

1.2 Standard subdivisions

Subdivision	2014/2015			2013/2014
	Authorized expenditure	Actual expenditure	Variations	Actual expenditure
			Under-expenditure/ (Excess)	
	N\$	N\$	N\$	N\$
<u>Operational:</u>				
Current expenditure: Personnel				
001. Remuneration	39 398 000	32 377 067.43	7 020 932.57	27 760 196.13
002. Employer's contribution to the G.I.P.F.	5 439 000	4 226 097.31	1 212 902.69	3 177 698.88
003. Other conditions of service	387 000	204 190.81	182 809.19	447 614.18
Total	45 224 000	36 807 355.55	8 416 644.45	31 385 509.19
Current expenditure: Goods and other services				
021. Travel and subsistence expenses	19 183 000	16 193 954.49	2 989 045.15	15 408 708.96
022. Materials and supplies	356 000	351 197.02	4 802.98	286 334.68
023. Transport	5 894 000	5 533 534.10	360 465.90	3 814 332.15
024. Utilities	2 601 000	2 563 191.71	37 808.29	4 126 222.51
025. Maintenance	2 898 670	2 545 181.50	353 488.50	784 537.13
027. Other services and expenses	3 111 000	3 045 728.05	65 271.95	4 745 091.56
Total	34 043 670	30 232 786.87	3 810 883.13	29 165 226.99
Subsidies and other current transfers				
041. Membership fees and subscription: International	587 000	384 991.15	202 008.85	689 389.82
042. Membership fees and subscription: Domestic	3 330	3 320.43	9.57	3 000.00
043. Government organizations	10 442 000	10 441 212.02	787.98	10 502 000.52
Total	11 032 330	10 829 523.60	202 806.40	11 194 390.34
Total: Current expenditure	90 300 000	77 869 666.02	12 430 333.98	71 745 126.52
Capital expenditure: Acquisition of assets				
101. Furniture and office equipment	899 000	895 365.70	3 634.30	147 485.19
102. Vehicles	2 297 000	2 159 022.66	137 977.34	-
Total: Capital expenditure	3 196 000	3 054 388.36	141 611.64	147 485.19
Total: Operational expenditure	93 496 000	80 924 054.38	12 571 945.62	71 892 611.71
<u>Development:</u>				
Capital expenditure: Acquisition of assets				
107. Construction, renovation and improvement	10 000 000	9 860 044.71	139 955.29	-
Total: Development expenditure	10 000 000	9 860 044.71	139 955.29	-
GRAND TOTAL	103 496 000	90 784 099.09	12 711 900.91	71 892 611.71

ANNEXURE A (Continued)

1.3 Departmental revenue

Revenue for the year is as follows:

Revenue Head	2014/2015			2013/2014
	Estimate	Actual revenue	More/(Less) than estimated	Actual revenue
	N\$	N\$	N\$	N\$
Private Telephone Calls	-	143.05	143.05	-
Miscellaneous	50 000	29 496.50	(20 503.50)	23 311.52
Total	50 000	29 639.55	(20 360.45)	23 311.52

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\$ 966 091.77 – 7.54%)

The Office of the Chairman realized an underexpenditure as a result of the following:

- (i) Position that were filled by the assigned employees from the main division of Administration and Legislation as the allowances, which they received were non pensionable.
- (ii) No expenditure for leave gratuity and severance allowance as estimated.
- (iii) Not receiving all invoices from Government Garage.
- (iv) Reserving the funds for purchasing furniture for the Chairperson’s residence.

Main Division 02: Administration and Legislation (N\$ 11 745 809.14 – 12.95%)

An underexpenditure under this main division occurred as a result of the following:

- (i) Staff members’ turnover during this financial year and the budgeted provision for Members of Parliament who became Deputy Ministers which affected the budgetary allocation for the Employer’s Contribution to the Pension Fund.
- (ii) Cancellation of the official trips which collided with the resumption of the National Council sessions and other national obligations. Nor utilized funds allocated to the Members of Parliament to perform their duties in the regions.
- (iii) Not receiving all invoices from Government Garage.
- (iv) Less than originally projected cost on maintenance of the building and repair of damaged equipment, and furniture. Due to insufficient time the CCTV cameras could not be fully implemented.
- (v) Reservation of funds for personal entertainment and training for Members of Parliament were not utilized as projected.
- (vi) Returned the payment for annual subscriptions for African Parliamentary Union which was processed in previous financial year.

2. GENERAL INFORMATION

2.1 Bank Accounts

During the financial year under review, National Council kept and operated the following bank account:

Name of Account	Banking institution	Purpose of the account	Balance at 31/03/2015
Parliament National Council (CPA)	Nedbank	For depositing money and paying out expenses related for the hosting of the 44 th Common Wealth Parliamentary Association (CPA) Africa Region Conference.	N\$ 166 597.96

2.2 Deviation from normal Tender Board procedures

The Tender Board approved deviations from normal Tender Board procedures for acquiring goods and services comprising of the following:

Exemption numbers	Description	Estimated value	Actual expenditure	Difference
		N\$	N\$	N\$
E1/26-1/2014	021 - Travel and Subsistence Allowance	19 183 000	16 193 954.49	2 989 045.51
	022 - Materials and Supplies	356 000	351 197.02	4 802.98
	023 - Transport	5 894 000	5 533 534.10	360 465.90
	024 - Utilities	2 601 000	2 563 191.71	37 808.29
	025 - Maintainance expenses	2 898 670	2 545 181.50	353 488.50
	027 - Other Services and Expenses	3 111 000	3 045 728.05	65 271.95
	041 - Membership Fees and subscriptions: International	607 000	384 991.15	222 008.85
	043 - Government Organizations	10 520 000	10 441 212.02	78 787.98
E1/26-3/2014	024 - Utilities	60 000	-	60 000.00
E1/26-4/2014	102 - Vehicles	3 000 000	2 159 022.66	840 977.34
	Grand Total	48 230 670	43 218 012.70	5 012 657.30

2.3 Suspense accounts

The following Suspense Accounts had balances as at 31 March 2015:

Description	Balance as at 31/03/2015 Debit / (Credit)
	N\$
S&T Advance Suspense Account	50 042.23
Rejection Account	59 671.37
Bills Payable	(1 342 167.32)

2.4 Capital projects

Name of the Project	Approved total budget	Total expenditure at 31/03/2014	Approved appropriation 2014/2015	Actual expenditure 2014/2015	Total Expenditure as at 31/03/2015	Expected year of completion
	N\$	N\$	N\$	N\$	N\$	
Extension of existing National Council building	296 013 000	198 233.49	10 000 000	9 860 044.71	10 058 278.20	31 March 2018
Total	296 013 000	198 233.49	10 000 000	9 860 044.71	10 058 278.20	

2.5 Vehicles

Three (3) vehicles were acquired amounting to N\$ 2 159 022.66. The Accounting Officer reported seven (7) vehicle accidents for the year under review of which five (5) vehicles were repaired. As at 31 March 2015, the Council had thirty (30) vehicles on hand.

2.6 HIV/AIDS

The Accounting Officer reported expenditure amounting to N \$ 65 400 in respects of HIV/AIDS activities.

2.7 Bursaries and Study Assistance

The Accounting Officer reported an amount of N\$ 51 669.50 that was paid in respect of study assistance granted to the staff members during the financial year under review.

2.8 Stocktaking

The Accounting Officer reported that stocktaking was conducted at all three (3) stocktaking points of the Council.

WINDHOEK, 2015-10-13

EMILIA MKUSA
SECRETARY: NATIONAL COUNCIL