



**REPUBLIC OF NAMIBIA**



**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE**

# **OFFICE OF THE AUDITOR-GENERAL**

**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 Office of the Auditor-General 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, February 2011

**JUNIAS ETUNA KANDJEKE**  
**AUDITOR-GENERAL**

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

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## **1. INTRODUCTION**

### **1.1 Report**

This report on the accounts of the Office of the Auditor-General 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 satisfies 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 general information supplied by the Accounting Officer are attached as annexure A to this report.

## **3. SCOPE OF THE AUDIT**

**3.1** The Deputy Auditor-General 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 misstatement, 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. Audit of and report on the Office of the Auditor-General**

The present position of the State Finance Act (Act 31 of 1991) requires the Auditor-General to audit his office, which puts him in a difficult position, as the Auditor-General has to report on his own office.

As recommended in previous reports, it is once again recommended that the State Finance Act be amended to allow the Office to be audited and reported on by a private audit firm. However, it has been noted with appreciation that this issue has been addressed in the intended bill on the Office of the Auditor-General.

#### **4.1.2 Revenue Outstanding**

Various accounts in respect of audit fees have been rendered, but accounts for seven institutions to the total amount of N\$ 384 178.20 were still outstanding at the end of the financial year. Several reminders were forwarded to the clients.

It is recommended that the Accounting Officer should indicate how and by when the outstanding amounts will be recovered.

#### **4.1.3 Suspense Accounts**

The Office had balances on five (5) suspense accounts, four (4) with debit balances and one (1) with a credit balance for the year under review. Only the bills payable suspense account had a balance exceeding N\$ 100 000 to the amount of N\$1 845 168.43.

#### **4.1.4 Sustainability of Services**

- (i) The Office is currently unable to carry out all audit engagements due to inadequate proportion of audit staff and other resources constrains. Therefore, some audits are outsourced to private audit firms.
- (ii) The audit coverage is also only limited to performance and regularity audits whilst environmental, information systems and forensic audits are not carried out.

It is recommended that operation efficiency be improved by strengthening capacity.

#### **4.1.5 Risk Management**

As reported previously there is no risk management process in place and the absence of such risk mitigating controls may highlight possibility of events and situations occurring, which will have a negative impact on the achievements of objectives.

It is recommended that a risk management process be put in place to identify, assess, manage and control potential risk of events that may have negative impact on the Office or situations to provide reasonable assurance regarding the achievement of objectives.

#### **5. ACKNOWLEDGEMENT**

The assistance and co-operation of the management and staff of the Office of the Auditor-General during the audit is appreciated.

#### **6. AUDIT OPINION**

I certify that I have audited the financial statements of the Office of the Auditor-General for the financial 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 represent the receipts and payments of Vote 04 for the year ended 31 March 2010 and in all material respects the receipts and payments have been applied to 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**  
**Namibia**

## 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\$
<b>01. Office of the Auditor-General:</b>						
Original budget	5 788 000					
Plus: Virement	183 000	5 971 000	5 922 817.26	48 182.74	0.81	2 144 132.20
<b>02. Administration:</b>						
Original budget	7 699 000					
Plus: Virement	204 000	7 903 000	7 709 192.45	193 807.55	2.45	7 034 161.02
<b>03. Auditing:</b>						
Original budget	22 262 000					
Less: Virement	(387 000)	21 875 000	21 742 655.76	132 344.24	0.61	18 839 609.45
<b>Totals</b>		<b>35 749 000</b>	<b>35 374 665.47</b>	<b>374 334.53</b>	<b>1.05</b>	<b>28 017 902.67</b>

## 1.2 Standard subdivisions

Subdivision	2009/2010			2008/2009
	Authorised expenditure	Actual expenditure	Under-expenditure/ (Excess)	Actual expenditure
	N\$	N\$	N\$	N\$
<b>Operational:</b>				
<b>Current expenditure: Personnel</b>				
001. Remuneration	17 889 000	17 703 045.69	185 954.31	15 274 278.23
002. Employer's contribution to GIPF	2 261 000	2 194 412.72	66 587.28	1 858 343.88
003. Other conditions of service	190 000	186 799.59	3 200.41	111 612.53
<b>Total</b>	<b>20 340 000</b>	<b>20 084 258.00</b>	<b>255 742.00</b>	<b>17 244 234.64</b>
<b>Current expenditure: Goods and other services</b>				
021. Travel and subsistence expenses	2 524 000	2 460 300.35	63 699.65	2 772 520.38
022. Materials and supplies	508 000	507 929.01	70.99	412 747.58
023. Transport	630 000	627 806.91	2 193.09	586 990.39
024. Utilities	842 000	822 228.72	19 771.28	825 239.41
025. Maintenance	382 000	381 832.42	167.58	360 757.27
026. Property rental and related charges	692 000	692 000.00	-	635 000.00
027. Other services and expenses	5 122 000	5 104 553.14	17 446.86	4 068 449.92
<b>Total</b>	<b>10 700 000</b>	<b>10 596 650.55</b>	<b>103 349.45</b>	<b>9 661 704.95</b>
<b>Current expenditure: Membership fees and subscriptions</b>				
041. International	39 000	32 464.83	6 535.17	70 348.91
<b>Total:</b>	<b>39 000</b>	<b>32 464.83</b>	<b>6 535.17</b>	<b>70 348.91</b>
<b>Total: Current expenditure</b>	<b>31 079 000</b>	<b>30 713 373.38</b>	<b>365 626.62</b>	<b>26 976 288.50</b>
<b>Capital expenditure: Acquisition of assets</b>				
101. Furniture and office equipment	420 000	418 883.20	1 116.80	329 435.49
105. Feasibility studies, design and supervision	-	-	-	712 178.68
107. Construction, renovation and improvement	4 250 000	4 242 408.89	7 591.11	-
<b>Total:</b>	<b>4 670 000</b>	<b>4 661 292.09</b>	<b>8 707.91</b>	<b>1 041 614.17</b>
<b>Total: Operational expenditure</b>	<b>35 749 000</b>	<b>35 374 665.47</b>	<b>374 334.53</b>	<b>28 017 902.67</b>
<b>GRAND TOTAL</b>	<b>35 749 000</b>	<b>35 374 665.47</b>	<b>374 334.53</b>	<b>28 017 902.67</b>

### 1.3 Departmental revenue

Revenue for the year is as follows:

Revenue heading	Estimate	Actual revenue 2009/2010	More/(Less) than estimated	Actual revenue 2008/2009
	N\$	N\$	N\$	N\$
Audit fees	2 850 000	1 101 506.15	(1 748 493.85)	2 549 418.95
Private telephone calls	45 000	32 172.49	(12 827.51)	43 024.20
*Miscellaneous	5 000	44 302.89	39 302.89	128 688.43
<b>TOTAL</b>	<b>2 900 000</b>	<b>1 177 981.53</b>	<b>(1 722 018.47)</b>	<b>2 721 131.58</b>

\*Miscellaneous revenue consists of:

	N\$
Sale of annual reports	2 747.79
Refund: Loss of cell phone	725.00
Refund: S&T claims incorrect (2008/09)	11 701.80
Refund: Loss of access tags	763.00
Training fees	8 438.98
Furniture bought by the Auditor-General	19 771.79
Interest charged on outstanding debt	<u>154.53</u>
	<b><u>44 302.89</u></b>

### 1.4 NOTES TO THE FINANCIAL STATEMENTS

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

##### (i) Underexpenditure

##### **Main division 02: Administration (N\$ 193 807.55 - 2.45%)**

The underexpenditure on this main division was mainly caused by the fact that five employees resigned during the course of the financial year and the vacant posts could not be filled immediately.

#### 1.4.2 Departmental revenue: Explanation of deviations of N\$ 100 000 and above

##### (i) Over-estimated

##### **Audit fees**

The main reason for the over-estimation is that on 8 June 2009, Treasury granted authorization (20/15/1/1/04 DB09/34) that the local authorities be exempted from paying audit fees for a period of five years starting from 2009/10 up to 2013/14 which caused the variance on audit fees.



## 2. General Information

### 2.1 Tender board exemptions

Tender Board approved the following exemptions from normal Tender procedures with reference number E1/21-1/09:

Service	Exemption amount	Actual expenditure	Difference
	N\$	N\$	N\$
Travel and subsistence expenses	900 000	188 595.57	711 404.43
Material & supplies	400 000	299 146.34	100 853.66
Transport	512 000	346 959.02	165 040.98
Maintenance expenses	300 000	143 562.54	156 437.46
Property rental and related charges	879 000	692 000.00	187 000.00
Other services and expenses	900 000	567 583.17	332 416.83
Membership fees	109 000	32 464.83	76 535.17
<b>Total</b>	<b>4 000 000</b>	<b>2 270 311.47</b>	<b>1 729 688.53</b>

### 2.2 Capital projects

The following capital project of the Office was as follows:

Nature of Project	Approved total budget	Approved appropriation 2009/2010	Total expenditure at 31/03/2009	Actual expenditure 2009/10	Total expenditure at 31/03/2010	Expected year of completion
	N\$	N\$	N\$	N\$	N\$	
New Office Building	51 550 000	4 250 000	2 260 159.68	4 242 408.89	6 502 568.57	31/03/2012
<b>Total</b>	<b>51 550 000</b>	<b>4 250 000</b>	<b>2 260 159.68</b>	<b>4 242 408.89</b>	<b>6 502 568.57</b>	

### 2.3 Vehicle accidents

The Office reported four (4) motor vehicle accidents during the financial year under review. Three (3) vehicles were repaired at a total cost of N\$ 60 849.85, and the other vehicle's repair cost was recovered from the third party.

### 2.4 Gifts/Donations by the Government

The following services valued at N\$ 9 836.45 were rendered by the Office of Auditor-General free of charge with the necessary Treasury authorisation:

Beneficiary	Nature	Value	Authorization
		N\$	
Libraries	Free services	4 284.15	20/13/1/1/04
Universities	Free services	2 856.10	(DB 01/22)
SADC Countries	Free services	496.60	d.d 4 September 2001
AG complimentary reports	Free services	771.55	
Archives	Free services	1 428.05	
<b>Total:</b>		<b>9 836.45</b>	

## **2.5 Staff Development**

Eleven staff members were assisted by the Office to further their studies to the amount of N\$ 64 197.54.

**WINDHOEK, 2010-10-06**

**GOMS MENETTE  
ACCOUNTING OFFICER**