



**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 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 Office of the Auditor-General 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 Assembly in terms of Section 27(4) of the Act.

**WINDHOEK, June 2016**

**JUNIAS ETUNA KANDJEKE  
AUDITOR-GENERAL**

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FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015**

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**1. REPORT ON THE FINANCIAL STATEMENTS**

**1.1 INTRODUCTION**

This report on the accounts of the Office of the Auditor-General 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 Office of the Auditor-General 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 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 & 13 of the State Finance Act, Act 31 of 1991 and 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; an
- (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 ACKNOWLEDGEMENT**

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

### **1.5 KEY AUDIT FINDINGS**

#### **1.5.1 Expenditure**

The total budget was underspent with an amount of N\$ 2 741 789.09 (3.47%).

It is recommended that the Accounting Officer should ensure that planned projects are implemented.

### 1.5.2 Revenue Outstanding

The Accounting Officer reported revenue outstanding to the amount of N\$ 31 695.98 for the financial year as follows:

<b>Nature of Revenue</b>	<b>No. of cases involved</b>	<b>Amount due on 1 April 2014</b>	<b>Amount imposed 2014/2015</b>	<b>Amount received 2014/2015</b>	<b>Balance on 31 March 2015</b>
		N\$	N\$	N\$	N\$
Audit Fees	1	431 652.90	928 494.00	1 341 068.40	19 078.50
Private Telephone Calls	115	5 340.68	27 058.09	19 781.29	12 617.48
Miscellaneous	-	-	113 668.30	113 668.30	-
<b>Total</b>	<b>116</b>	<b>436 993.58</b>	<b>1 069 220.39</b>	<b>1 474 517.99</b>	<b>31 695.98</b>

It is recommended that the Accounting Officer should enhance recovery measures to minimise outstanding revenue.

### 1.5.3 Subsistence Advances

The S & T Advance Suspense Account shows a balance outstanding as at 31 March 2015 of N\$ 627 711.08 whereas the Subsistence and Travelling debit balance list reflects an amount of N\$ 525 422.49 leaving a difference of N\$ 102 288.59 that must be explained by the Accounting Officer. No reconciliation was provided to explain the difference.

## 1.6 UNQUALIFIED 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 2015 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 Office of the Auditor-General as at 31 March 2015 and its financial performance and its receipts and payments for the year then ended in accordance with the State Finance Act.

WINDHOEK, June 2016

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

## ANNEXURE A

## 1. AUDITED FINANCIAL STATEMENTS

## 1.1 Appropriation account

2014/2015					2013/2014
Service	Authorized expenditure	Actual expenditure	Variations		Actual expenditure
			Under-expenditure/ (Excess)	Percentage	
	N\$	N\$	N\$	%	N\$
<b>01. Office of the Auditor-General:</b>					
Original budget	6 107 000				
Plus: Virement	150 000				
Less: Suspension	(852 000)	5 405 000	5 240 492.30	164 507.70	3.04
<b>02. Administration:</b>					
Original budget	22 184 000				
Plus: Virement	985 000				
Less: Suspension	(2 203 000)	20 966 000	19 553 724.93	1 412 275.07	6.74
<b>03. Auditing:</b>					
Original budget	68 902 000				
Less: Virement	(1 135 000)				
Less: Suspension	(15 145 000)	52 622 000	51 456 993.68	1 165 006.32	2.21
<b>Total</b>	<b>78 993 000</b>	<b>76 251 210.91</b>	<b>2 741 789.09</b>	<b>3.47</b>	<b>80 230 851.31</b>

## 1.2 Standard subdivisions

Subdivision	2014/2015			2013/2014
	Authorised expenditure	Actual expenditure	Under-expenditure/ (Excess)	Actual expenditure
	N\$	N\$	N\$	N\$
<b>Operational:</b>				
<b>Current expenditure: Personnel</b>				
001. Remuneration	41 775 000	41 451 712.35	323 287.65	30 482 188.38
002. Employer's contribution to GIPF	5 231 000	5 095 085.93	135 914.07	3 700 183.84
003. Other conditions of service	135 000	125 478.39	9 521.61	240 681.01
<b>Total</b>	<b>47 141 000</b>	<b>46 672 276.67</b>	<b>468 723.33</b>	<b>34 423 053.23</b>
<b>Current expenditure: Goods and other services</b>				
021. Travel and subsistence expenses	7 414 000	6 320 529.84	1 093 470.16	5 423 881.68
022. Materials and supplies	1 114 000	1 106 685.40	7 314.60	704 782.64
023. Transport	935 000	934 316.62	683.38	865 227.19
024. Utilities	1 777 000	1 334 533.32	442 466.68	1 219 222.59
025. Maintenance	2 128 000	1 717 792.64	410 207.36	1 767 038.82
027. Other services and expenses	11 808 000	11 657 509.94	150 490.06	8 856 890.20
<b>Total</b>	<b>25 176 000</b>	<b>23 071 367.76</b>	<b>2 104 632.24</b>	<b>18 837 046.12</b>
<b>Current expenditure: Membership fees and subscriptions</b>				
041. International	130 000	124 185.41	5 814.59	115 990.86
<b>Total</b>	<b>130 000</b>	<b>124 185.41</b>	<b>5 814.59</b>	<b>115 990.86</b>
<b>Total: Current expenditure</b>	<b>72 447 000</b>	<b>69 867 829.84</b>	<b>2 579 170.16</b>	<b>53 376 090.21</b>
<b>Capital expenditure: Acquisition of assets</b>				
101. Furniture and office equipment	2 260 000	2 106 064.14	153 935.86	4 116 162.65
102. Vehicles	1 556 000	1 555 064.10	935.90	4 225 089.48
<b>Total</b>	<b>3 816 000</b>	<b>3 661 128.24</b>	<b>154 871.76</b>	<b>8 341 252.13</b>
<b>Total: Operational</b>	<b>76 263 000</b>	<b>73 528 958.08</b>	<b>2 734 041.92</b>	<b>61 717 342.34</b>
<b>Development:</b>				
107. Construction, renovation and improvement	2 730 000	2 722 252.83	7 747.17	18 513 508.97
<b>Total: Development</b>	<b>2 730 000</b>	<b>2 722 252.83</b>	<b>7 747.17</b>	<b>18 513 508.97</b>
<b>GRAND TOTAL</b>	<b>78 993 000</b>	<b>76 251 210.91</b>	<b>2 741 789.09</b>	<b>80 230 851.31</b>



### 1.3 Departmental revenue

Revenue for the year is as follows:

Revenue head	Estimate	Actual revenue 2014/2015	More/(Less) than estimated	Actual revenue 2013/2014
	N\$	N\$	N\$	N\$
Audit fees	3 220 000	1 341 068.40	(1 878 931.60)	534 031.05
Private telephone calls	25 000	19 781.29	(5 218.71)	11 531.63
Miscellaneous	5 000	113 668.30	108 668.30	54 961.48
<b>Total</b>	<b>3 250 000</b>	<b>1 474 517.99</b>	<b>(1 775 482.01)</b>	<b>600 524.16</b>

### 1.4 Notes to the financial statements

#### 1.4.1 Departmental Revenue: Explanation of deviations of variances exceeding N\$100 000

##### (i) Over-estimation

##### Audit Fees

The over-estimation was mainly caused by the fact that the Office estimated to generate revenue from audit fees charged to Local Authorities. However, on 3 June 2014, Treasury granted authorization that the Local Authority be exempted from paying audit fees for a period of five years starting from 2014/2015 to 2018/2019, financial year which caused the overestimation.

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

##### Underexpenditure

##### Main Division 01: Office of the Auditor-General (N\$ 164 507.70 - 3.04%)

The Office did not fill one position as planned which caused an underexpenditure on personnel expenditure and the fact that the Auditor-General's workload prevented him from attending all the planned meetings also contributed to the underexpenditure.

##### Main Division 02: Administration (N\$ 1 412 275.07 - 6.74%)

The long recruitment process prevented the Office from filling all the vacant positions as planned which resulted in an underspending on personnel expenditure.

Other contributing factors such as:

- The Deputy Auditor-General's workload prevented him from attending all the foreign work group meetings as planned;
- The Ministry of Finance cancelled payments made during March on 22 April 2015;
- The fact that approved virements were never implemented; and
- The inability of suppliers to deliver office equipment at the tender price also increased the amount underspend.

### **Main Division 03: Auditing (N\$ 1 165 006.32 - 2.21%)**

The underexpenditure on this main division was mainly caused by an underexpenditure on personnel expenditure which was caused by the long recruitment process and an underspending on Travel and Subsistence expenses which realized due to the following:

During the 2013/2014 financial year, this Office was unable to finalize any government audit reports because extension was granted to Offices, Ministries and Agencies by the Auditor-General, to submit their financial statements for audit purposes by 31 December 2013. This caused that the Office of the Auditor-General had to finalize sixty four, instead of thirty two government audit reports during the 2014/15 financial year. The increased workload also caused that the Office was only able to conduct ninety one of the planned one hundred and twenty asset inspections.

Furthermore, the Office also planned to finalize two follow-up performance audit reports which did not realize during the financial year. Follow-up performance audits usually take place after field visits are carried out by the Public Accounts Committee to investigate the Auditor-General's findings in the reports. The Office can only proceed with follow-up performance audits once they have received a status report from the Public Accounts Committee, which did not realize during the financial year.

The auditors need to travel in order to conduct audits and asset inspections and the underexpenditure realized when they could not conduct all the planned audits and asset inspections as explained.

## **2. GENERAL INFORMATION**

### **2.1 Tender Board exemptions**

Tender Board approved the following exemptions from normal tender procedures with reference number E1/21-1/2014:

<b>Description</b>	<b>Approved amount</b>	<b>Actual expenditure</b>	<b>Difference</b>
	N\$	N\$	N\$
Travel and Subsistence Allowance	2 500 000	1 623 010.40	876 989.60
Materials and Supplies	1 100 000	914 706.45	185 293.55
Transport	935 000	807 227.55	127 772.45
Maintenance Expenses	1 500 000	1 284 270.56	715 729.44
Other Services and Expenses	5 000 000	4 620 203.61	379 796.30
Membership Fees and Subscriptions	105 000	101 413.63	3 586.37
<b>Total</b>	<b>11 140 000</b>	<b>9 350 832.20</b>	<b>1 789 167.80</b>

### **2.2 Free Services by the Government**

The Office donated audit reports to the value of N\$ 11 122.66 to the undermentioned institutions with the necessary Treasury authorisation:

<b>Beneficiary</b>	<b>Value</b>
	N\$
Libraries	5 278.68
Universities	3 519.12
SADCC Countries	565.30
Archives	1 759.56
<b>Total</b>	<b>11 122.66</b>

### 2.3 Staff Development

Thirty three (33) staff members were assisted by the Office to further their studies to the amount of N\$ 665 129.94.

### 2.4 Equipment transferred within the Government

The following equipment with an estimated value of N\$ 167 360.47 was transferred to the Ministry of Youth and Sport.

Item	Value
	N\$
Network switches plus cabinet	84 144.52
Camera System	40 300.00
Alarm and Access Control System	42 915.95
<b>Total</b>	<b>167 360.47</b>

### 2.5 Suspense Accounts

The main ledger shows balances on seven (7) of the Office's suspense accounts as at 31 March 2015, of which five (5) had credit balances and two (2) had debit balances.

Description	Debit/(Credit)
	N\$
Bills Payable	(2 182 624.01)
S&T advance suspense account	627 711.08
Tax Code	(64 065.74)
Pension Funds: G.I.P.F.	(17 526.61)
Electronic Fund Transfer Clearing Account	(3 936.50)
Social Security	(729.00)
Rejection Account	464.00

### 2.6 Capital projects

The Office's development project was funded in the 2014/2015 financial year as follows:

Nature of Project	Approved total budget	Total expenditure at 31/03/2014	Approved appropriation 2014/2015	Actual expenditure 2014/2015	Total expenditure at 31/03/2015	Expected year of completion
	N\$	N\$	N\$	N\$	N\$	
New Office Building for the O.A.G.	126 062 000	125 559 154.97	2 730 000	2 722 522.83	128 281 677.78	2014/2015
<b>Total</b>	<b>126 062 000</b>	<b>125 559 154.97</b>	<b>2 730 000</b>	<b>2 722 252.83</b>	<b>128 281 677.78</b>	

WINDHOEK, 10 October 2015

GOMS MENETTÉ  
ACCOUNTING OFFICER