



**REPUBLIC OF NAMIBIA**



**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE**  
**TOWN COUNCIL OF ONIIPA**  
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018**

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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 Town Council of Oniipa for the financial years ended 30 June 2018 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 2019**

A handwritten signature in black ink, appearing to read 'Junias Etuna Kandjeke'.

**JUNIAS ETUNA KANDJEKE  
AUDITOR-GENERAL**



**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF  
THE TOWN COUNCIL OF ONIIPA  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018**

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**1. QUALIFIED AUDIT OPINION**

I certify that I have audited the financial statements of the Town Council of Oniipa for the financial year ended 30 June 2018. These financial statements comprise the Balance sheet, Income statement and Cash flow statement for the year then ended, and a summary of significant accounting policies.

In my opinion, except for the effects of the matters described in the basis for qualified audit opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Town Council of Oniipa as at 30 June 2018, their financial performance and cash flows for the year then ended.

**2. BASIS FOR AUDIT OPINION**

I conducted my audit in accordance with International Standards for Supreme Audit Institutions. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the entity in accordance with the code of ethics for Supreme Audit Institutions together with the ethical requirements that are relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements and the code of ethics. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion. A qualified audit opinion is being expressed due to the following;

- Assets to the value of N\$ 4 907 492 were wrongly classified as expenditure, resulting in overstatement of expenditure account and understatement of surplus.
- Depreciation amounting to N\$ 840 268 was not disclosed in the financial statements during the year under review.

**3. KEY AUDIT MATTERS**

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters. I have determined that there are no key audit matters identified in respect of the financial statements for the Town Council of Oniipa.

**4. OTHER INFORMATION**

Management is responsible for the other information. The auditor's opinion on the financial statements does not cover the other information and, accordingly, the auditor does not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so,

consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. I have nothing to report in this regard.

## **5. RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS**

Management is responsible for the preparation and fair presentation of the financial statements in accordance compliance with Section 87(1) of the Local Authorities Act, 1992, 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.

In preparing the financial statements management is responsible for assessing the Entity's ability to continue as a going concern disclosing as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the entity or to cease operations or has no realistic alternative but to do so.

Those charged with governance are responsible of overseeing the entity's financial reporting process.

## **6. AUDITOR'S RESPONSIBILITY FOR THE AUDIT OF THE FINANCIAL STATEMENTS**

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue and auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs), will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or taken together, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the International Standards for Supreme Audit Institutions, I exercise professional scepticism throughout the audit, I also;

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies uses and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence, obtained, whether a material uncertainty

exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
- I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.
- From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or, when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## **7. REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

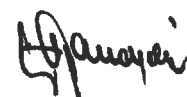
The financial statements were submitted late than required by the Accounting Officer to the Auditor-General on the 14 September 2018 in terms of Section 87(1) sub-Section 40 (1) of the Local Authority Act, 1992.

## **8. GENERAL INFORMATION**

The financial statements and notes to the financial statements provided by the Accounting Officer are attached as Annexure (A – D).

## **9. ACKNOWLEDGEMENT**

The courtesy and assistance extended to the Auditor-General and his staff by the Town Council during the audit is appreciated.



**WINDHOEK, June 2019**

**JUNIAS ETUNA KANDJEKE  
AUDITOR- GENERAL**

**TOWN COUNCIL OF ONIIPA  
STATEMENT OF FINANCIAL POSITION AT 30 JUNE**

	Note	2018 N\$	2017 N\$
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	2	10 918 583	5 420 499
Investments	3	13 154 475	8 541 526
<b>Current assets</b>			
Trade and other receivables	4	1 468 119	1 714 301
Inventories		156 449	254 992
Petty cash		845	6
<b>Total assets</b>		<b>25 698 471</b>	<b>15 931 324</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Capital outlay	5.1	10 918 583	5 420 499
Internal fund	5.2	11 355 891	7 000 000
Accumulated fund		(27 993)	640 716
<b>Current liabilities</b>			
Trade and other payables	6	3 451 991	2 870 107
<b>Total equity and liabilities</b>		<b>25 698 472</b>	<b>15 931 322</b>



## ANNEXURE B

**TOWN COUNCIL OF ONIPA**  
**STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE**

	Note	<b>2018</b>	<b>2017</b>
		N\$	N\$
Income	8	22 780 476	11 661 123
Expenditure	9	23 968 098	13 082 924
<b>Operating surplus/ (deficit) for the year</b>		<b>(1 187 622)</b>	<b>(1 421 801)</b>
Investment income earned for revenue account		527 828	234 307
<b>Surplus/ (deficit) for the year</b>		<b>(659 794)</b>	<b>(1 187 494)</b>
Appropriation account	7	(8 915)	(324 688)
<b>Surplus /(deficit) after appropriation</b>		<b>(668 709)</b>	<b>(1 512 182)</b>

**TOWN COUNCIL OF ONIPA**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE**

	2018	2017
Note	N\$	N\$
<b>Cash flow from operating activities</b>		
Net operating surplus/( deficit)	(1 187 622)	(1 421 801)
Adjusted to appropriation account	(8 915)	(324 688)
<b>Operating results before changes in working capital</b>	<b>(1 196 537)</b>	<b>(1 746 489)</b>
Decrease /(increase) in inventories	98 543	(254 992)
Decrease /(increase) trade and other receivable	246 182	(1 717 301)
(Decrease)/ increase trade and other payable	1 009 826	2 099 496
<b>Cash utilised by operations</b>	<b>158 014</b>	<b>(1 619 286)</b>
Net operating surplus/( deficit)	(1 187 623)	(1 421 801)
Interest income	527 828	234 307
<b>Net cash utilised by operating activities</b>	<b>685 841</b>	<b>(1 381 979)</b>
<b>Cash flow from investing activities</b>		
(Increase)/decrease in investment	(4 612 949)	(6 876 771)
Additions to property, plant and equipment	(5 498 083)	(4 797 902)
<b>Net cash flow from investing activities</b>	<b>(10 111 032)</b>	<b>(11 674 673)</b>
<b>Cash flow from financing activities</b>		
(Increase)/decrease in capital outlay	5 498 083	4 979 902
(Increase)/decrease in funds	4 355 891	7 000 000
<b>Net cash flow from financing activities</b>	<b>9 853 974</b>	<b>11 979 902</b>
Net (increase)/decrease in cash & cash equivalents	428 783	(1 258 750)
Cash & cash equivalent- at the beginning of the year	(770 607)	488 143
<b>Cash &amp; cash equivalent- at the end of the year</b>	<b>(341 824)</b>	<b>(770 607)</b>

**TOWN COUNCIL OF ONIIPA  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE  
2018**

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**1. ACCOUNTING POLICIES**

**1.1 Introduction**

The financial statements set out in Annexures A to D were prepared on the historical cost basis and incorporate the following principle accounting policies, which are consistent in all material aspects with those applied in the previous year.

**1.2 Property plant and equipment**

Property plant and equipment with loan funds are stated at cost and no depreciation is provided thereon until the loan is fully redeemed. All other items of property, plant and equipment are stated at cost or valuation, except fixed property, the cost or valuation of these items of property plant and equipment is depreciated on the reducing-balance basis over their expected useful lives.

**1.3 Fund accounts**

The following funds were maintained:

**Capital reserve fund**

The purpose of this fund is to account for reserve capital amounts received.

**Sale of erven fund**

The purpose of this fund is to manage the sale of erven.

**TOWN COUNCIL OF ONIPA**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE**  
**(Continued)**

	<b>2018</b>	<b>2017</b>
	N\$	N\$
<b>2. Property, plant and equipment</b>	<b>10 918 583</b>	<b>5 420 499</b>
Income assets	10 838 988	5 320 737
General capital assets	79 595	99 762
<b>3. Investment</b>	<b>13 154 475</b>	<b>8 541 526</b>
Capital reserve fund	11 201 120	7 000 000
Sales of erven fund	154 772	-
Revenue fund	1 798 584	1 541 526
<b>4. Trade and other receivables</b>	<b>1 468 119</b>	<b>1 714 300</b>
Consumer debtors	1 545 122	936 439
Nored surcharge receivable	34 404	-
Vat receivable	448 356	1 125 349
Less: Provision for bad debts	(559 763)	(347 488)
<b>5. Funds</b>		
<b>5.1 Capital outlay</b>	<b>10 918 583</b>	<b>5 420 499</b>
Revenue contribution	10 838 988	5 320 737
General capital assets	79 595	99 762
<b>5.2 Internal funds</b>	<b>11 355 892</b>	<b>7 000 000</b>
Capital reserve	11 201 120	7 000 000
Sale of erven fund	154 772	-
<b>6. Trade and other payables</b>	<b>3 451 991</b>	<b>2 870 107</b>
Sundry creditors	-	60 585
Consumer deposits	907 730	349 572
Provision for leave	367 463	158 611
Accrued creditors	1 834 129	1 530 727
Bank overdraft	342 669	770 612

**TOWN COUNCIL OF ONIIPA**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE**  
**(Continued)**

	<b>2018</b>	<b>2017</b>
	N\$	N\$
<b>7. Adjustments to appropriations account</b>	<b>(8 914)</b>	<b>(324 688)</b>
Provision for bad debt	(212 275)	(347 488)
Provision for leave	(208 851)	(158 611)
Vat correction	(109 770)	(77 290)
Previous year corrections	525 482	258 701
Sundry	(3 500)	-
<b>8. Income</b>	<b>22 780 475</b>	<b>11 511 123</b>
General expenses	450 000	1 093 740
Chief Executive Officer	333 370	500 000
Finance	441 416	405 143
Technical	4 437 167	-
Health division	675 970	3 717 136
Human resources	210 302	228 140
Park & recreation	117 000	-
Local economic dev.& tourism	100 000	-
Cemetery	33 000	300 922
Road, storm water & sidewalk	298 582	-
Town planning and dev	7 837 857	-
Fire brigade	35 000	-
Cleaning services	46 798	2 882 619
Sewerage	98 999	11 772
Water services	7 367 947	2 371 651
Electricity	297 067	-
<b>9. Expenditure</b>	<b>23 968 098</b>	<b>13 082 924</b>
General expenses	1 372 362	1 138 095
Chief executive officer	1 212 556	1 170 836
Finance	2 622 022	1 750 553
Technical	5 032 063	-

## TOWN COUNCIL OF ONIIPA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE

(Continued)

	2018	2017
	N\$	N\$
Health division	412 558	2 971 473
Human resources	787 930	548 144
Park & recreation	20 600	-
Store	4 135	-
Local economic development.& tourism	510 710	-
Road, storm water & sidewalk	602 486	133 164
Town planning and development	4 972 476	6 762
Cleaning services	206 516	2 307 036
Sewerage	289 226	588 237
Water services	5 658 041	2 468 624
Electricity	264 417	-