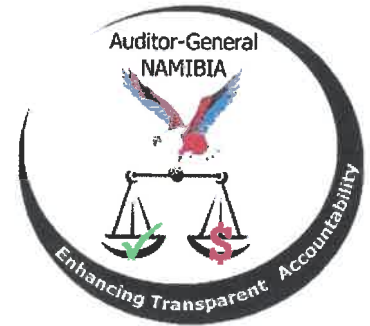




REPUBLIC OF NAMIBIA



**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE
VILLAGE COUNCIL OF KAMANJAB
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 Village Council of Kamanjab for the financial year 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, February 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
KAMANJAB VILLAGE COUNCIL
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018**

1. QUALIFIED OPINION

I certify that I have audited the financial statements of the Kamanjab Village Council for the financial year ended 30 June 2018. These financial statements comprise the statement of financial position, income statement, cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

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 Kamanjab Village Council as at 30 June 2018 and its financial performance and its cash flows for the year then ended in accordance with Namibia Generally Accepted Accounting Practice.

2. BASIS FOR QUALIFIED 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:

- Capital expenditure amounting to N\$ 2 787 275 were expensed;
- Depreciation charges amounting to N\$ 3 628 259 not recognized in the income statement; and
- External loan amounting to N\$ 658 815 was not paid.

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 respective of the financial Statement for Kamanjab Village Council.

4. OTHER INFORMATION

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with the 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 knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information; I am required to report that fact. 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 these financial statements in accordance with 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.

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 for 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 a 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, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, 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 the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used 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 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 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 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. COMPLIANCE TO PROCUREMENT ACT 2015

7.1 Public Procurement Act, 2015 Section 7(1)(i) states that in executing any general policy directives issued by the Minister to achieve the objectives of this Act, the function of the Procurement Policy Unit shall issue authorised version of standardised bidding documents, standard forms of contracts, pre-qualification document, procedural forms, request for proposal and other similar documents for mandatory used by every public entity implementing procurement.

The auditors observed that the following tender was awarded during 2017/2018 financial year using the technical report of that specific consultant, however the Consultant for the below mention projects was appointed to monitor the project, contravene Section 7(1)(i) of the Public Procurement Act, 2015, which states that in executing any general policy directives issued by the Minister to achieve the objectives of this Act, the function of the Procurement Policy Unit shall issue authorised version of standardised bidding documents, standard forms of contracts, pre-qualification document, procedural forms, request for proposal and other similar documents for mandatory used by every public entity implementing procurement.

Project Name	Bid No	Amount N\$	Awarded
Water Reticulation infrastructure- Extension 2 Kamanjab Village Council	W/SBD/KVC-01/2017	3 340 480	23/01/2018

7.2 Public Procurement Act, 2015 Section 32(1)(a)(b)(c) states that request for seal quotation method may be used for the procurement of

- (a) Ready available commercially standard goods not specially manufactured to the particular specification
- (b) small service or
- (c) small works

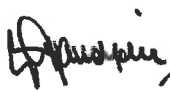
7.3 A public entity must in writing request-sealed quotation from three bidders, unless the item in question is not available from three suppliers.

The auditors observed that the procurement of the following goods & service where done with non-compliance to the Section 32(1), Section 35(1) of the Public Procurement Act, 2015. Furthermore, the Village Council did not provide a motivation letter why the direct procurement method was used for the mentioned type of goods.

Doc no	Description of goods & Service	Amount N\$	Supplier
8824	Testing of soil	19 090	Ingenuim Consulting Engineer
8657	Tyres 7 tubes	8 200	North West Garage & tyres

The results of our tests indicate that for the items tested, 29% complied with the material terms and conditions of applicable legal provisions, except as described above in the Schedule of Findings.

WINDHOEK, February 2019


JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL

KAMANJAB VILLAGE COUNCIL
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE

	Note	2018 N\$	2017 N\$
ASSETS			
Non-current assets		36 051 132	37 406 645
Property, Plant and equipment	2	34 178 098	35 058 338
Investments	3	1 873 034	2 348 307
Current assets		973 027	1 084 911
Trade and other receivable	4	851 253	960 448
Inventories		121 774	124 351
Cash and cash equivalents	5	-	112
TOTAL ASSETS		37 024 159	38 491 556
FUNDS AND LIABILITIES			
Funds and reserves		32 971 614	35 576 906
Capital outlay	6	33 447 759	34 291 731
Funds, accounts and reserves	7	(476 145)	1 285 175
Non-current liabilities			
External loans		730 227	766 606
Current liabilities		3 322 318	2 148 044
Bank overdraft	5	18 074	34 443
Trade and other payables	8	3 304 244	2 113 601
Total liabilities		4 052 545	2 914 650
TOTAL FUNDS AND LIABILITIES		37 024 159	38 491 556

ANNEXURE B

**KAMANJAB VILLAGE COUNCIL
 INCOME STATEMENT FOR THE YEAR 30 JUNE**

	Note	2018 N\$	2017 N\$
INCOME		8 762 358	5 261 161
EXPENDITURE		(9 821 379)	(7 070 629)
OPERATING DEFICIT		(1 059 021)	(1 809 468)
INTEREST RECEIVED		11 044	13 306
DEFICIT AFTER INTEREST		(1 047 977)	(1 796 162)
APPROPRIATION ADJUSTMENTS	9	(2 913 268)	(477 398)
NET DEFICIT FOR THE YEAR		(3 961 245)	(2 273 560)
REVENUE ACCOUNT			
AT THE BEGINNING OF THE YEAR		(6 488 438)	(4 214 878)
AT THE END OF THE YEAR		(10 449 683)	(6 488 438)

KAMANJAB VILLAGE COUNCIL
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE

	Note	2018 N\$	2017 N\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated by operations	10	1 005 712	979 626
Interest received		11 044	13 306
Net cash flows from operating activities		1 016 756	992 932
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in fund accounts		2 199 926	605 915
Increase in capital outlay		(843 972)	(2 977 577)
Net cash flows from financing activities		1 355 954	(2 371 662)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(2 795 346)	(447 829)
Decrease in external loan		(36 380)	(33 314)
Decrease in investments		475 273	1 648 332
Net cash flows from investing activities		(2 356 453)	1 167 189
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS			
		16,257	(211 541)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR			
		(34 331)	177 210
AT THE END OF THE YEAR			
		(18 074)	(34 331)

**KAMANJAB VILLAGE COUNCIL
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30
JUNE**

ACCOUNTING POLICIES

1. Presentation

The financial statements have been prepared in accordance with the requirements of the Namibian Local Authorities Act, 1992 (Act 23 of 1992), as amended.

The financial statements are compiled in accordance with the historical cost convention and are presented in Namibia Dollar.

The principal accounting policies of the Village Council, which are set out below and have been consistently applied.

1.1 Property, plant and equipment

Property, plant and equipment are stated at cost or at valuation where assets have been acquired by grant or donation, less depreciation written off over the expected useful lives as determined by the Council from time to time.

1.2 Inventory

Inventories are measured at the lower of cost and net realisable value. The cost of inventories comprises all costs of purchases, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

1.3 Capital Development Fund

The purpose of this Fund is to finance capital projects by means of internal loans or appropriation.

	2018	2017
	N\$	N\$
2. PROPERTY, PLANT AND EQUIPMENT		
Income assets	28 423 631	28 533 359
General capital assets	4 675 369	5 445 881
Loan assets	1 079 098	1 079 098
	34 178 098	35 058 338
3. INVESTMENTS		
Commercial banks	474 755	950 028
Equity (CENORED)	1 398 279	1 398 279
	1 873 034	2 348 307

KAMANJAB VILLAGE COUNCIL
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE (CONTINUE)

	2018	2017
	N\$	N\$
ALLOCATED AS FOLLOWS:		
Capital Development Fund	10 184	11 811
Build Together Fund	425 138	627 972
Revenue Account	39 433	310 245
Total investment with banks	474 755	950 028
Equity		
Revenue Account	1 398 279	1 398 279
	1 873 034	2 348 307
4. TRADE OTHER RECEIVABLES		
Consumers	5 261 424	3 944 726
VAT receivable	-	137 938
Accrued surcharge CENORED	14 401	15 363
Sale of Erven loans	1 908 518	406 324
Build Together loans	1 131 704	1 734 536
	8 316 047	6 238 887
Provision for bad debts	(7 464 794)	(5 278 439)
	851 253	960 448
5. CASH AND CASH EQUIVALENTS		
Petty cash	-	112
Current account	(18 074)	(34 443)
	(18 074)	(34 331)
Disclosed as follows:		
Current assets	-	112
Current liabilities	18 074	34 443
6. CAPITAL OUTLAY		
Loans redeemed	348 759	312 491
General capital contributions	4 675 369	5 445 881
Revenue contributions	28 423 631	28 533 359
	33 447 759	34 291 731

KAMANJAB VILLAGE COUNCIL
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE (CONTINUE)

	2018	2017
	N\$	N\$
7. FUNDS, ACCOUNTS AND RESERVES		
Capital development fund	5 820 198	5 820 198
Build Together fund	1 654 756	1 663 349
Sales of Erven fund	2 498 585	290 066
	9 973 539	7 773 613
Revenue account	(10 449 684)	(6 488 438)
	(476 145)	1 285 175
8. TRADE AND OTHER PAYABLES		
Trade payables	852 408	115 647
Retention	232 238	-
Provision for leave pay and bonus	285 958	349 000
Consumer deposits	123 318	82 003
Housing debtors suspense	-	11 549
VAT payable	150 346	-
Ministry of finance (loan instalments outstanding	1 659 976	1 555 402
	3 304 244	2 113 601
9. ADJUSTMENTS		
Expenditure adjustments	(76)	(4 145)
Movement in provision for bad debts	(2 186 355)	(502 947)
Correction of debtors master file	(165 361)	-
VAT adjustments	(636 191)	29 694
Income adjustments	74 715	-
	(2 913 268)	(477 398)

KAMANJAB VILLAGE COUNCIL
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE (CONTINUE)

	2018	2017
	N\$	N\$
10. CASH UTILISED BY OPERATIONS		
Deficit for the year	(1 047 977)	(1 796 162)
Adjustments		
Appropriation account	(2 913 268)	(477 398)
Assets written off	47 327	-
Depreciation	3 628 259	3 458 718
Interest received	(11 044)	(13 306)
Operating surplus/(deficit) before changes in working capital	(296 703)	1 171 852
Change in working capital		
Decrease/(increase) in trade and other receivables	109 195	(54 118)
Decrease in inventories	2 577	9 219
Increase/(decrease) in trade and payables	1 190 643	(147 327)
	1 005 712	979 626