



REPUBLIC OF NAMIBIA



**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE
VILLAGE COUNCIL OF KOËS
FOR THE FINANCIAL YEARS ENDED 30 JUNE 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 Village Council of Koës for the financial year ended 30 June 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.

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

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

WINDHOEK, June 2017

**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE
VILLAGE COUNCIL OF KOËS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015**

1. INTRODUCTION

This report on the accounts of the Village Council of Koës for the financial year ended 30 June 2015 is presented to the National Assembly in accordance with provisions set out in the Local Authorities Act, 1992 (Act 23 of 1992).

Figures in the report are rounded to the nearest Namibia dollar. Deficits are indicated in (brackets).

The firm Mostert Landgrebe of Windhoek has been appointed in terms of Section 26 (2) of the State Finance Act, 1991, to audit the accounts of the Village Council on behalf of the Auditor-General and under his supervision.

I certify that I have audited the accompanying financial statements of the Village Council of Koës for the financial year ended 30 June 2015. These financial statements comprise the following:

Annexure A: Balance sheet;
Annexure B: Income statement;
Annexure C: Cash flow statement; and
Annexure D: Notes to the financial statements.

The financial statements were submitted to the Auditor-General by the Accounting Officer in compliance with Section 87(1) of the Local Authorities Act, 1992.

The financial statements, notes to the financial statements and general information provided by the Accounting Officer are attached as Annexure A - D.

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 87(1) of the Local Authorities Act, (Act 23 of 1992) 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.

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 insufficient and inappropriate to provide a basis for the audit opinion.

4. ACKNOWLEDGEMENT

The assistance and co-operation by the staff of the Village Council of Koës during the audit is appreciated.

5. KEY FINDINGS

5.1 ARREAR EXTERNAL LOANS

The instalments on external loans from Central Government were not paid. No provision for interest on arrear was provided.

Recommendation

It is recommended that the Council should provide for the interest and should pay the loans.

5.2 EXTERNAL LOANS

No supporting documents were provided to test external loans.

Recommendation

The Council is recommended that it should provide supporting documents in regard to Government loans for audit purpose.

5.3 TRADE AND OTHER PAYABLES

No list of trade and other payables were available for audit purpose. The auditors were unable to test trade and other payables or unrecorded payables.

Recommendation

It is recommended that the Council should keep a list of payables with supporting documentation for audit purpose.

5.4 PROPERTY, PLANT AND EQUIPMENT

No supporting documents were available for audit purposes. The auditors were thus unable to test property, plant and equipment.

Recommendation

The Council is recommended that it should provide supporting documents for audit purpose.

5.5 Bank and cash

There is a difference of N\$ 116 882 between the bank balance and the bank reconciliation, therefore bank balance on the annual financial statements is overstated with N\$ 116 882.

Recommendation

The Council is recommended that it should properly reconcile the bank reconciliation to the bank statements on a monthly basis.

5.6. P.A.Y.E. RETURNS

Not all P.A.Y.E. returns were submitted timeously to the Directorate: Inland Revenue. No provision for penalties and interest has been made in the financial statements.

Recommendation

The Council is recommended that it should timeously render these returns, and make provision for interest and penalties on late returns.

5.7 BUILD TOGETHER ADVANCES

The list of Build Together advances reflects an amount of N\$ 1 016 866 less than the amount in the balance sheet.

Recommendation

The Council is recommended to ensure that supporting documents, explanations of adjustments disclosed in the financial statements are provided for audit purposes.

5.8 VALUATION ROLL

At the time of the audit the Council could not provide a valuation roll for audit purposes.

Recommendation

The Council is recommended that the supporting documents and the server must be provided for audit purposes.

5.9 CIRCULAR D3/2015

The Chief Executive Officer of the Village Council of Koës for the year under review did not submit statements as required per Auditor- General Circular D3/2015.

Recommendation

It is recommended that the Chief Executive Officer should submit all annual report statements to the Auditor-General including Circular D3/2015.

5.10 ACCOUNTING POLICY REPORTING FRAMEWORK

The accounting policy and reporting framework were not provided to the auditors. The policy was also not attached to the Annual Financial Statements.

Recommendation

It is recommended that the Chief Executive Officer should submit all annual report statements with the accounting policy attached. Furthermore the accounting officer must prescribe the reporting framework used.

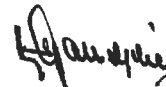
6. BASIS FOR DISCLAIMER AUDIT OPINION

- Provision for interest on arrear Government loans not provided for;
- No supporting documentation for the Government loans;
- List of trade and other payables were not available;
- No supporting documents were available for property, plant and equipment;
- Bank balance is understated with N\$ 116 882;
- No provision for penalties and interest on P.A.Y.E;
- Build Together understated by N\$ 1 016 866; and
- Valuation roll was not available for audit purpose;

7. DISCLAIMER AUDIT OPINION

The accounts of the Village Council of Koës for the financial year ended 30 June 2015 summarised in Annexures A to D were audited by me in terms of Section 85 of the Local Authorities Act, 1992, Act 23 of 1992 read with Section 25(1) (b) of the State Finance Act, 1991, Act 31 of 1991).

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraph, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, I do not express an opinion on the financial statements.



WINDHOEK, June 2017

JUNIAS ETUNA KANDJEKE
AUDITOR- GENERAL

VILLAGE COUNCIL OF KOËS
STATEMENT OF FINANCIAL POSITION AT 30 JUNE

	Note	2015	2014
		N\$	N\$
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	2	11 226 590	10 554 035
Investments	3	1 431 249	2 416 794
Loans receivable	4	3 294 478	3 479 731
		15 952 317	16 450 560
CURRENT ASSETS			
Trade and other receivables	5	527 560	1 608 969
Inventories		398 657	344 067
		926 217	1 953 036
TOTAL ASSETS		16 878 534	18 403 596
FUNDS AND LIABILITIES			
FUNDS AND RESERVES			
Capital outlay	7	10 674 744	10 002 189
Funds and accounts	8	1 268 095	5 320 288
		11 942 839	15 322 477
NON-CURRENT LIABILITIES			
Long-term loans	9	601 648	601 648
		601 648	601 648
CURRENT LIABILITIES			
Trade and other payables	10	3 964 136	2 335 625
Bank overdraft	6	369 911	143 846
		4 334 047	2 479 471
TOTAL FUNDS AND LIABILITIES		16 878 534	18 403 596

VILLAGE COUNCIL OF KOës
STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE

	Note	2015 N\$	2014 N\$
Income		6 622 680	10 069 613
Expenditure		9 290 857	7 782 778
Net operating (deficit)/surplus		(2 668 177)	2 286 835
Appropriation account	11	(1 608 841)	1 703 878
Net (deficit)/surplus after appropriations		(4 277 018)	3 990 713
Revenue account - beginning of year		(1 062 343)	(5 053 056)
Revenue account - end of year		(5 339 361)	(1 062 343)

VILLAGE COUNCIL OF KOËS
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE

	2015	2014
	N\$	N\$
CASH FLOW FROM OPERATING ACTIVITIES	(724 308)	4 382 567
Cash receipts from customers	6 622 680	10 069 613
Cash paid to suppliers	(8 244 368)	(7 278 723)
Increase in Fund accounts	224 825	83 743
Increase in Capital outlay	672 555	1 507 934
CASH FLOW FROM INVESTING ACTIVITIES	498 243	(3 859 866)
Net capital expenditure	(672 555)	(1 507 934)
Change in investments	985 545	(2 008 132)
Change in loans receivable	185 253	(343 800)
Net change in cash and cash equivalents	(226 065)	522 701
Cash and cash equivalents - beginning of year	(143 846)	(666 547)
Cash and cash equivalents - end of year	(369 911)	(143 846)

VILLAGE COUNCIL OF KOËS
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE

	2015	2014
	N\$	N\$
2. PROPERTY, PLANT AND EQUIPMENT	11 226 590	10 554 035
Assets	11 226 590	10 554 035
3. INVESTMENTS	1 431 249	2 416 794
Build Together Fund	51 501	861
Fixed Property Fund	66 605	66 605
Capital Reserve Fund	307 132	225 187
Housing Fund	272 194	272 194
Salary Reserve Fund	-	250 001
Revenue	733 817	1 601 946
4. LOANS RECEIVABLE	3 294 478	3 479 731
Build Together Fund	3 294 478	3 479 731
5. TRADE AND OTHER RECEIVABLES	527 560	1 608 969
Consumers	5 186 781	4 775 119
Sundry receivables	4 000	300 000
VAT	61 418	180 157
Provision for bad debts	(4 724 639)	(3 646 307)
6. BANK AND CASH	(369 911)	(143 846)
Current account Bank overdraft	(369 911)	(143 846)
7. CAPITAL OUTLAY	10 674 744	10 002 189
Loans redeemed	282 689	282 689
Revenue contributions	9 958 045	9 285 490
General capital contributions	434 010	434 010

ANNEXURE D

VILLAGE COUNCIL OF KOËS
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE (Continued)

	2015	2014
	N\$	N\$
8. FUNDS, ACCOUNTS AND RESERVES	1 268 095	5 320 288
Build Together Fund	6 011 327	5 868 447
Capital Development Fund	307 132	225 187
Fixed Property Fund	66 605	66 605
Housing Fund	222 392	222 392
Revenue account	(5 339 361)	(1 062 343)
9. LONG-TERM LIABILITIES	601 648	601 648
- Other loans	551 846	551 846
- Housing loans	49 802	49 802
10. TRADE AND OTHER PAYABLES	3 964 136	2 335 625
Trade payables	1 814 108	2 077 317
Consumer and other deposits	8 370	8 307
Provisions	401 988	250 001
Suspense accounts	1 739 670	-
11. APPROPRIATION ACCOUNT	(1 608 841)	1 703 878
Prior year adjustments	(1 672 610)	219 300
Correction of VAT	-	1 484 578
Revenue	63 769	-
12. CASH (UTILISED)/GENERATED BY OPERATIONS	(1 621 688)	2 790 890
Net operating (deficit)/surplus before interest and transfers	(2 668 177)	2 286 835
Adjustments to appropriation account	(1 608 841)	1 703 878
Trade and other receivables	1 081 409	2 590 963
Inventories	(54 590)	(149 067)
Trade and other payables	1 628 511	(3 641 719)