



REPUBLIC OF NAMIBIA



**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE
VILLAGE COUNCIL OF OKONGO
FOR THE FINANCIAL YEARS ENDED 30 JUNE 2016 AND 2017**

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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 Okongo for the financial years ended 30 June 2016 and 2017, 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, January 2019

**REPORT OF THE AUDITOR-GENERAL
ON THE ACCOUNTS OF THE VILLAGE COUNCIL OF OKONGO
FOR THE FINANCIAL YEARS ENDED 30 JUNE 2016 AND 2017**

1. DISCLAIMER OF AUDIT OPINION

The accounts of the Village Council of Okongo for the financial years ended 30 June 2016 and 2017 have been audited in terms of Section 85 of the Local Authorities Act, 1992 (Act No 23 of 1992).

Because of the significance of the matters described in the Basis for Disclaimer of audit Opinion paragraph, I have not been able to obtain appropriate audit evidence to provide a basis for an opinion. Accordingly, I do not express an opinion of the financials statements of the Village Council of Okongo as at 30 June 2016 and 2017.

2. BASIS OF 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 insufficient and inappropriate to provide a basis for my opinion. A disclaimer audit opinion is being expressed due to the following:

- Non-submission of supporting documentation amounting to N\$ 70 028 and N\$ 647 720 for 2016 and 2017 respectively;
- Non-disclosure of additions to assets in the financial statement amounting to N\$ 51 609 (2016) and N\$ 69 840 (2017);
- Non-disclosure of Bank accounts in the financial statements amounting to N\$ 41 902 (2017);
- Non-disclosure of Council members allowances amounting to N\$ 33 808 (2016);
- Non-disclosure of Salary payments for staff members amounting to N\$ 116 836 (2017);
- Understatement of work in progress for capital projects in the financial statements amounting to N\$ 818 359 (2017);
- Reversal of transactions in the general ledger for work in progress of capital projects amounting to N\$ 533 317 (2017);
- Incorrect processing of expenditure transactions resulting in understatement of N\$ 28 896 for (2016) and N\$ 102 883 for (2017) in the financial statements;
- No salary files, leave cards, and leave files, staff record cards and personal files for Council members provided for audit purposes; and
- The Council did not make provision for leave for the years under review.

3. 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 Generally Recognised Accounting Practice and legislation, and for such internal control as management determines is 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.

4. 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 an 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, 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 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.

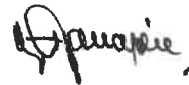
If I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. 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 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.

5. REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

The financial statements for the financial years ended 30 June 2016 and 2017 were submitted by the Accounting Officer to the Auditor-General in compliance with Section 85 of the Local Authorities Act, 1992 (Act No. 23 of 1992), read with Sections 25, 26 and 27 of the State Finance Act, 1991 (Act No. 31 of 1991), except that they were only submitted on 14 February 2018 instead of three months (3 months) after the year end as required by the Act.

WINDHOEK, January 2019



**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

VILLAGE COUNCIL OF OKONGO
STATEMENT OF FINANCIAL POSITION AT 30 JUNE

	Note	2017 N\$	2016 N\$
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	2	7 374 803	807 244
Work in progress: Capital Projects	3	771 704	807 244
		6 603 099	-
CURRENT ASSETS			
Trade and other receivables	6	14 709 043	1 459 673
Investments	4	3 749 226	57 391
Cash and Cash Equivalents	5	10 863 159	1 286 291
		96 659	115 991
TOTAL ASSETS		22 083 847	2 266 917
FUNDS AND LIABILITIES			
FUNDS AND RESERVES			
Capital Fund	8	22 083 847	2 258 178
		22 083 847	2 258 178
NON-CURRENT LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	7	-	8 739
		-	8 739
TOTAL FUNDS AND LIABILITIES		22 083 847	2 266 917

ANNEXURE B

VILLAGE COUNCIL OF OKONGO

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEARS ENDED 30 JUNE

	Note	2017 N\$	2016 N\$
INCOME	9	22 543 271	2 914 241
EXPENDITURE	10	2 960 333	671 666
NET OPERATING SURPLUS		19 582 938	2 242 575
INTEREST ON INVESTMENTS	11	242 732	15 603
NET OPERATING (DEFICIT)/SURPLUS AFTER INTEREST		19 825 670	2 258 178
REVENUE ACCOUNT - Beginning of year		2 258 178	-
REVENUE ACCOUNT - End of year		22 083 848	2 258 178

VILLAGE COUNCIL OF OKONGO**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED 30 JUNE 2016
AND 2017**

1. ACCOUNTING POLICIES**1.1 Introduction**

The annual financial statements are prepared on the historical cost basis and incorporated the following principal and accounting policies which have been consistently applied in all material respects.

1.2 Property, plant and equipment

Land and buildings are recorded at cost and are considered to be investment properties. According, land and buildings are depreciated at a very low rate, this is because all of the buildings are used for administration purposes only.

Motor vehicle, furniture and fittings, office equipment and building equipment are stated at cost and depreciated on the straight line method at the following rates per annum.

Motor Vehicles	5 years (20%)
Computer Equipment	3 years (33%)
Furniture, Fixture and Fitting	5 years (20%)
Land and building	50 years (2%)
Capital Infrastructures	50 years (2%)

1.3 Revenue

Revenue represents subsidy from Central Government for Development, Collection from Water, Leasehold fee, Properties Rate and Taxes and Properties sales.

VILLAGE COUNCIL OF OKONGO

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30
JUNE (continued)**2. PROPERTY, PLANT AND EQUIPMENT**

	2017	2016
	N\$	N\$
Furniture's Fixtures and Fittings	105 923	14 735
Motor Vehicles	599 847	771 232
Computer Equipment	57 510	21 277
Office Equipments	8 424	-
	771 704	807 244

3. WORK IN PROGRESS: CAPITAL PROJECTS

Office Construction	2 743 474	-
Sewer-Sewer pumps	3 859 625	-
	6 603 099	-

4. INVESTMENTS

Investment Capital Account	19 095	15 112
Call Account	10 844 064	1 271 179
	10 863 159	1 286 291

5. CASH AND CASH EQUIVALENTS

Operational bank account	70 059	115 991
Petty Cash	26 000	-
	96 059	115 991

6. TRADE AND OTHER RECEIVABLES

Account Receivable	2 637 267	18 068
Vat Control Account	1 111 959	39 323
	3 749 226	57 391

VILLAGE COUNCIL OF OKONGO

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30
JUNE (continued)

7. TRADE AND OTHER PAYABLES

	2017	2016
	N\$	N\$
Account Payable	-	8 739

8. FUNDS AND RESERVES

Retained Earnings	2 258 178	-
Profit for the year	19 825 669	2 258 178
	22 083 847	2 258 178

9. INCOME	22 543 271	2 914 241
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ADMINISTRATIVE GRANTS

Income subsidy for operation	17 457 723	2 000 000
Income from Council Services	-	847 334
	17 457 723	2 847 334

ADMINISTRATIVE INCOME

Opening balance sales	2 670 642	
Income water	912 470	(400)
Income sewerage	106 330	-
income lease/pto	360 956	8 333
Income water connection	16 465	-
Income Garden Refuse	144 070	8 640
Income Business registration	57 419	-
Income from Consumer deposits	461	-
Income from building plan	2 322	-
Income from bank deposits	811 414	-
income cementry/funerals	151	-
	5 082 700	16 573

ANNEXURE D

VILLAGE COUNCIL OF OKONGO

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED

30 JUNE (continued)

OTHER INCOME

	2017	2016
	N\$	N\$
Income building sand	2 848	-
Donation received	-	50 334
	2 848	50 334

10. EXPENDITURES

	2 960 333	671 666
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PERSONNEL COSTS

Council Allowance	137 266	45 078
Casual workers	-	-
CEO - Salary & Wages	177 766	-
CEO - Cellphine Allowance	14 228	-
CEO - Social Security Contribution	2 536	-
CEO - Mdical Aid Contribution	70 855	-
CEO - Pension Fund Contribution	81 942	-
CEO - Tax Contribution	76 883	-
Fin - Salary & Wages	21 832	-
HR - Salary & Wages	167 711	-
Dev - Salary and Wages	22 090	-
Water - Salary & Wages	24 454	-
	797 563	45 078

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

GENERAL EXPENSES

	2017	2016
	N\$	N\$
Opening Balance Supplies	166 428	383 676
Opening balance - S&T	112 099	119 515
Council - Municipal Association Contribution	16 000	-
Council Travel & Subsistence	6 925	4 278
Council Printing and Stationary	4 192	-
Council Maintenance Vehicle	1 304	-
Council Fuel	10 203	-
Council Entertainment Council	1 510	-
Council Training	9 550	-
CEO - Travel & Subsistence	50 808	-
CEO - KM Claims	6 000	-
CEO - Fuel	5 547	-
CEO - Materials and Store	2 460	-
CEO - Printing & Stationery	18 344	-
Fin - Travel & Subsistence	19 049	-
Fin - Printing and Stationary	25 946	-
Fin- Vehicle insurance	25 310	-
Fin - Financial Statements	30 550	-
Fin - Capital Outlay - Computer/Softwares	285 173	-
Fin - Capital Outlay	2 637	-
Street Telephone	28 200	-
Street debushing of streets roads	54 220	-
Streets - Maintenance street lights	6 000	-
Cementry - Maintenance	4 830	-
HR - Travel & Subsistence	18 447	-
HR - Advertising	160 316	-
HR - Fuel	1 315	-
Dev - Travel & Subsistence	14 876	-
Dev - Capital Outlay Surveying	566 094	-
Refuse Contract	92 970	-
Refuse - Maintenance Cleaning of Town	2 588	-
Electricity - Maintenance of electrical Kiosk	32 696	-
Water - Travel & Subsistence	22 202	-

ANNEXURE D

VILLAGE COUNCIL OF OKONGO

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE (continued)

GENERAL EXPENSES (continued)	2017	2016
	N\$	N\$
Water - Maintenance reticulations	74 551	-
Water - Clothings	4 609	-
	1 883 949	507 469
DEPRECIATIONS		
Depreciation - Computer Equipment	20 013	10 638
Depreciation - Furniture, Fix & Fittings	15 728	3 684
Depreciation - Vehicles	171 385	85 692
Depreciation - Office Equipment	1 685	-
	208 811	100 014
FINANCE COSTS		
Bank Charges	70 010	19 105
	70 010	19 105
11. INTEREST REVENUE		
Interest received from the operation account	388	-
Interest received from call account	242 311	16 191
Interest received from Investment Account	33	(588)
	242 732	15 603