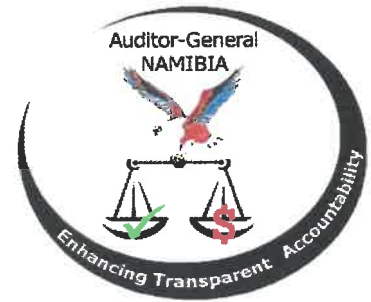




**REPUBLIC OF NAMIBIA**



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

Published by authority

Price (Vat excluded) N\$ 33.00

Report no: 88/2019



**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 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.

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

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

**WINDHOEK, July 2019**



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

---

**1. DISCLAIMER OF AUDIT OPINION**

I have audited the financial statements of the Okongo Village Council for the financial year ended 30 June 2018. These financial statements comprise the Statement of Financial Position, Statement of Changes in Owners' Equity, and Statement of Financial Performance for the year then ended, and Notes to the annual financial statements.

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 2018.

**2. BASIS OF DISCLAIMER 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:

- Improper disclosure of additions amounting to N\$ 5 182 845 in the current year pertaining to assets acquired in the prior year, (ISSAI 1510.10);
- Non-disclosure of Bank accounts in the financial statements amounting to N\$ 499 000;
- Non-submission of supporting documentation amounting to N\$ 484 898 for Lease Income;
- Non-submission of documentary evidence of ownership of the Waiting Maternity Homes.
- Cash flow statement was not submitted for audit purposes, hence non verification of cash and cash equivalents in the balance sheet;
- A difference amounting to N\$ 180 881 in respect of accumulated depreciation was observed between the asset register and the financial statement;
- Wrong classification of expenses amounting to N\$ 145 835 resulting in the overstatement of work in progress and understatement of expenditures; and
- Auditors could not verify Key Performance Indicators (KPI's) due to non- submission of the Village Council's Strategic Plan.

### **3. OTHER INFORMATION**

Management is responsible for the other information. My 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 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 the knowledge obtained in the audit or otherwise appears to be materially misstated. I have nothing to report in this regard.

### **4. 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 International Financial Reporting Standards 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.

### **5. 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 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 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;
- 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;
- 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 year ended 30 June 2018 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 05 November 2018 instead of three months (3 months) after the year end as required by the Act.

**WINDHOEK, July 2019**



**JUNIAS ETUNA KANDJEKE  
AUDITOR-GENERAL**



**VILLAGE COUNCIL OF OKONGO  
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018  
GENERAL INFORMATION**

---

Physical Address:	Okongo Village Council 98 Hospital Road Okongo Namibia
Postal Address:	Private Bag 66003 Okongo Namibia
Bankers:	First National Bank of Namibia

**VILLAGE COUNCIL OF OKONGO  
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018  
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING**

---

The Management of the Okongo Village Council is responsible for the maintenance of adopting sound accounting policies and the preparation of reliable financial statements and related information. The financial statements have been prepared in accordance with General recognised Accounting Practice and the International Financial Reporting Standards.

The Management is also responsible for the establishment and maintenance of effective internal control system. Internal controls system is instituted by the council to safe guard its assets and resources and to provide the assurance for the reliability and completeness of financial statements.

The system is implemented and monitored by suitably trained personnel with an appropriate segregation of authority and duties.

Nothing has come to the attention of the management to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

**REPORT OF THE ACCOUNTING OFFICER**

The management has the pleasure in submitting its report on the activities of the Village Council for the year ended 30<sup>th</sup> June 2018.

**GENERAL REVIEW**

The results and financial position of the Village Council is fully set out in the attached Annual Financial Statements.

**MANAGEMENT'S APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS**

The annual financial statements set out on pages 7 to 6 were approved by Management in October 2018 and are signed on their behalf by:

.....

.....

**CHIEF EXECUTIVE OFFICER**

**Date**

**VILLAGE COUNCIL OF OKONGO**  
**STATEMENT OF FINANCIAL POSITION AT 30 JUNE**

	Note	<b>2018</b>	<b>2017</b>
		N\$	N\$
<b>ASSETS</b>			
<b>Non-current assets</b>		<b>26 791 285</b>	<b>7 374 803</b>
Property, plant and equipment	2	8 862 568	771 704
Work in progress: Capital Projects	3	17 928 717	6 603 099
<b>Current assets</b>		<b>8 295 933</b>	<b>14 709 043</b>
Trade and other receivables	6	3 752 871	3 749 225
Investments	4	4 464 340	10 863 159
Cash and Cash Equivalents	5	78 722	96 659
<b>Total assets</b>		<b>35 087 218</b>	<b>22 083 846</b>
<b>FUNDS AND LIABILITIES</b>			
<b>Funds and reserves</b>		<b>34 894 500</b>	<b>22 083 847</b>
Capital Fund	8	34 894 500	22 083 847
<b>Non-current liabilities</b>		-	-
<b>Current liabilities</b>		<b>192 719</b>	-
Trade and other payables	7	19 853	-
Provision		172 866	-
<b>Total funds and liabilities</b>		<b>35 087 219</b>	<b>22 083 847</b>

## ANNEXURE B

**VILLAGE COUNCIL OF OKONGO**  
**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE**

	Note	2018 N\$	2017 N\$
Income	9	18 852 318	22 543 271
Expenditure	10	10 000 402	2 960 333
<b>Net operating surplus</b>		<b>8 851 916</b>	<b>19 582 938</b>
Interest on investments	11	373 434	242 732
<b>Net operating (deficit)/surplus after interest</b>		<b>9 225 350</b>	<b>19 825 670</b>
Revenue account - Beginning of year		2 258 178	2 258 178
Revenue account - End of year		<b>11 483 528</b>	<b>22 083 848</b>

**VILLAGE COUNCIL OF OKONGO****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018**

---

**1. ACCOUNTING POLICIES****1.1 Introduction**

The annual financial statements are prepared on the historical cost basis and incorporated the following principles 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. Accordingly, 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**

	2018			2017		
	Cost	Accumulated Depreciated	Carrying Value	Cost	Accumulated Depreciated	Carrying Value
Furniture`s Fixtures & Fittings	145 774	(36 958)	108 816	125 336	(19 412)	105 924
Motor Vehicles	856 924	(285 641)	571 283	856 924	(257 077)	599 847
Computer Equipments	142 385	(73 981)	68 404	88 161	(30 651)	57 510
Office Equipments	12 926	(4 976)	7 950	10 109	(1 685)	8 424
Capital Infrastructure	8 376 102	(269 986)	8 106 116	-	-	-
<b>Total</b>	<b>9 534 111</b>	<b>(671 542)</b>	<b>8 862 569</b>	<b>1 080 530</b>	<b>(308 825)</b>	<b>771 705</b>

**Reconciliation of Property, Plant and Equipment-2018**

	Opening Balance	Additions	Depreciation	Total
Furniture`s Fixtures & Fittings	125 336	20 439	(36 958)	108 816
Motor Vehicles	856 924	-	(285 641)	571 283
Computer Equipments	114 331	28 054	(73 981)	68 404
Office Equipments	10 109	2 817	(4 976)	7 950
Capital Infrastructure	3 005 938	5 370 164	(269 986)	8 106 116
<b>Total</b>	<b>4 112 638</b>	<b>5 421 474</b>	<b><sup>a)</sup>(671 542)</b>	<b>8 862 569</b>

- a) Amount indicated is the accumulated depreciation instead of disclosing the depreciation for the year for the assets acquired during the year under review.

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

**Reconciliation of Property, Plant and Equipment-2017**

	<b>Opening Balance</b>	<b>Additions</b>	<b>Depreciation</b>	<b>Total</b>
Furniture`s Fixtures & Fittings	18 419	106 917	(19 412)	105 923
Motor Vehicles	856 924	-	(257 077)	599 847
Computer Equipments	31 915	56 246	(30 651)	57 510
Office Equipments	-	10 109	(1 685)	8 424
<b>Total</b>	<b>907 258</b>	<b>173 272</b>	<b>b)(308 825)</b>	<b>771 704</b>

**3. WORK IN PROGRESS: CAPITAL PROJECTS**

Office Construction	9 898 584	2 743 474
Sewer-Sewer pumps	1 105 947	3 859 625
Surveying	4 605 918	-
Water and Sewer	241 409	-
Electrification of Kios and Street Lights	1 534 036	-
Electrification of Street Lights	542 824	-
	<b>17 928 718</b>	<b>6 603 099</b>

**4. INVESTMENTS**

Investment Capital Account	71 175	19 095
Call Account	4 393 165	10 844 064
	<b>4 464 340</b>	<b>10 863 159</b>

**5. CASH AND CASH EQUIVALENTS**

Operational bank account	41 442	70 059
Petty Cash	37 280	26 600
	<b>78 722</b>	<b>96 659</b>

- b) Amount indicated is the accumulated depreciation instead of disclosing the depreciation for the year for the assets acquired during the year under review.

## ANNEXURE C

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

	<b>2018</b>	<b>2017</b>
	N\$	N\$
<b>6. TRADE AND OTHER RECEIVABLES</b>		
Account Receivable	2 732 962	2 637 266
Vat Control Account	1 019 909	1 111 959
	<b>3 752 871</b>	<b>3 749 225</b>
<b>7. TRADE AND OTHER PAYABLES</b>		
Account Payable	19 853	-
Provision for Leave	172 866	-
	<b>192 719</b>	-
<b>8. FUNDS AND RESERVES</b>		
Retain Earnings	25 669 150	2 258 178
Profit for the year	9 225 350	19 825 669
	<b>34 894 500</b>	<b>22 083 847</b>



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

	<b>2018</b>	<b>2017</b>
	N\$	N\$
<b>9. INCOME</b>	<b>18 852 318</b>	<b>22 543 271</b>
<b>Administrative grants</b>		
Income subsidy for operation	13 737 674	17 457 723
Income-Road Fund Administration	281 000	-
	<b>14 018 674</b>	<b>17 457 723</b>
<b>Administrative Income</b>		
Opening balance sales	-	2 670 642
Income water	1 788 415	912 470
Income sewerage	228 609	106 330
Income Refuse removal	20 342	-
income lease/pto	1 366 462	360 956
Income water connection	55 730	16 465
Income Garden Refuse	507 591	144 070
Income Business registration	79 438	57 419
Income from Consumer deposits	-	461
Income from building plan	22 667	2 322
Income from bank deposits	19 902	811 414
income cementry/funerals	934	151
	<b>4 090 090</b>	<b>5 082 700</b>

## ANNEXURE C

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

	<b>2018</b>	<b>2017</b>
	N\$	N\$
<b>Other Income</b>		
Income building sand	20 934	2 848
Tender fees	61 320	-
Income advertising billboard	5 525	-
Income-Abottoirs	6 885	-
Income-illegal water connection	900	-
Income-informal settlement fees	200 018	-
Income-Search of Boundary	120	-
Income-Other	26 749	-
Income-Royalties from Nored	421 103	-
	<b>743 554</b>	<b>2 848</b>
<b>10. EXPENDITURES</b>	<b>10 000 402</b>	<b>2 960 333</b>
<b>Personnel Costs</b>		
Third Party Payments	993 339	232 216
Leave Gratuity	180 527	-
Council Allowances	188 645	137 266
Salaries and Wages	1 042 085	413 853
Service Bonus	62 126	-
Car allowance	69 444	-
Cellphone allowance	15 993	14 228
Housing Allowance	237 253	-
Overtime	22 413	-
Transport Allowance	69 454	-
Backpay	417	-
Stand by allowance	9 511	-
	<b>2 891 207</b>	<b>797 563</b>

## VILLAGE COUNCIL OF OKONGO

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

	2018	2017
	N\$	N\$
<b>General Expenditures</b>		
Opening Balance Supplies	-	166 428
Council - Municipal Association Contribution	-	16 000
Other Expenses: Social Club And Union Contribution	9 427	-
Omaludi Festival Expenses	670 516	-
Capitalised Vat	992 397	-
Membership Fees	3 000	-
Travel And Subsistence	330 933	250 406
Material And Store	11 861	2 460
Printing And Stationary	157 521	48 482
Fuel	45 946	17 065
Entertainment	17 968	1 510
Training	119 569	9 550
Telephone	80 142	28 200
Maintenance	398 315	121 969
Electricity Consumption	766 833	-
Postage & Courier Services	21 570	-
Vehicle Insurance And Access	30 165	25 310
Rentals	12 100	-
Softwear License	16 363	-
Financial Statemetns	100 806	30 550
Capital Outlay-Computer Software	40 900	285 173
Capital Outlay	-	2 637
Dev - Capital Outlay Surveying	-	566 094
Debushing Of Streest Roads	1 815	54 220
Road Fund Adminstartion	229 949	-
Advertising	7 552	160 316
Compesation	2 056 903	-
Evaluation Roll	188 622	-
Legal Expenses	4 194	-
Refuse Contract	226 626	92 970
Road Access	60 000	-
Water - Clothings	-	4 609

## ANNEXURE C

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

	<b>2018</b>	<b>2017</b>
	N\$	N\$
<b>General Expenditures (Continued)</b>		
Depreciation	395 853	208 811
	<b>6 997 847</b>	<b>2 092 760</b>
<b>Finance costs</b>		
Bank Charges	111 348	70 010
	<b>111 348</b>	<b>70 010</b>
<b>11. INTEREST REVENUE</b>		
Interest received from the operation account	7	388
Interest received from call account	373 438	242 311
Interest received from Investment Account	<sup>e)</sup> (11)	33
	<b>373 434</b>	<b>242 732</b>

- c) **The Council has disclosed Interest received in negative which form part of the income instead of being part of expenditures.**