



REPUBLIC OF NAMIBIA



REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE

FISHERIES OBSERVER FUND

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2009

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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 Fisheries Observer Fund for the financial year ended 31 March 2009 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, May 2010

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

REPORT of the AUDITOR-GENERAL
on the ACCOUNTS of the FISHERIES OBSERVER FUND
for the financial year ended 31 MARCH 2009

1. INTRODUCTION

The Fisheries Observer Fund was established in terms of Section 46 (1) of the Marine Resources Act, (Act 27 of 2000), to administer the funds collected in respect of the levy imposed under Section 44 (4) of the Marine Resources Act, 2000. The Fund's income is derived mainly from levies on harvested sea animals and other products from the sea. The Permanent Secretary: Fisheries and Marine Resources is the Accounting Officer in terms of Section 23 (4) of the Act.

2. FINANCIAL STATEMENTS

The financial statements published in this report are filed in the Office of the Auditor-General and comprise of the following:

Annexure A: Balance sheet

Annexure B: Income statement

Annexure C: Notes to the financial statements

3. SCOPE OF THE AUDIT

3.1 The Accounting Officer of the Fund is responsible for the preparation of the financial statements and for ensuring the regularity of the financial transactions. It is the responsibility of the Auditor-General to form an independent opinion, based on the audit, on those statements and on the regularity of the financial transactions included in them and to report his opinion to the National Assembly.

The audit included –

- (a) examination on a test basis of the evidence relevant to the amounts, disclosure and regularity of financial transactions included in the financial statements;
- (b) assessment of the significant estimates and judgements made by the Accounting Officer of the Fund in the accounting of the transactions, his determination of and decision on relevance of transactions to the Fund and of whether the accounting policies are appropriate to the Fund's circumstances, consistently applied and adequately disclosed; and
- (c) evaluation of the overall adequacy of the presentation of information for its inclusion in the financial statements.

3.2 The audit was planned and performed so as to obtain all the information and explanations considered necessary to provide sufficient evidence to give reasonable assurance that -

- (a) the financial statements are free from material misstatement, whether caused by error, fraud or other irregularity;
- (b) in all material respects, the expenditure and income have been applied to the purposes intended; and
- (c) the financial transactions conform to the authorities which govern them.

4. AUDIT OBSERVATIONS

4.1 Bad debts

Bad debts of N\$ 214 750 have been written-off without provisions for bad debts. No policy exists regarding the collection of long outstanding debtors.

RECOMMENDATION

Provision for doubtful debts should be made in the financial statements for debts outstanding for longer than 120 days. A policy on the handling of long outstanding debts should be developed.

4.2 Bank reconciliation

The bank reconciliation of March 2009 reflects the following cheques as outstanding, while they were cleared at the bank:

Date	Cheque number	Details	Amount	Date cleared
			N\$	
31/10/2008	009947	Advances refund	6 045.73	24/12/2008
31/10/2008	009962	Clerk of Court – Katima	300.00	20/11/2008
31/10/2008	009973	Clerk of Court – Outapi	150.00	18/11/2008

In his response on the management letter the CEO indicated that the cheques had been matched with incorrect payments in the cash-book and this has since been corrected.

RECOMMENDATION

The Accounting Officer is advised to ensure that cheques which are cleared by the bank do not appear as outstanding in the bank reconciliation.

4.3 Long outstanding debts

The following debtors are outstanding for long periods:

Name	Amount
	N\$
SENHOR DO MUNDO FISHING CO	2 676.88
PRESTIGE FISHING CO	20 796.86
EKUPA FISHING CO	8 720.07
JONAH FISHING CO	25 709.05
PESCALAMAR FISHING CO	57 358.11
BOSTON WAYFARER	69 360.54
KITTIWAKE FISHING CC	1 814.40
ROBERT VAN AST	5 369.05
ETALE FISHING (PTY) LTD	34 224.31
TOTAL	226 029.27

RECOMMENDATION

Continuous steps should be taken to collect these outstanding amounts without delay. In his response on the management letter the CEO indicated that he requested advice from the Government Attorney as to how to handle long outstanding debtors. A response is still being awaited.

4.4. Incomplete set of financial statements

The auditors were not provided with a cash flow statement and notes to the financial statements. The current notes attached to the financial statements were compiled by the auditors.

RECOMMEDATION

The Accounting Officer should provide a full set of financial statements including a cash flow statement and notes to the financial statements.

In his response on the management letter the CEO confirmed that this will be done with the next ensuing financial year.

5. ACKNOWLEDGEMENT

The co-operation and assistance of the staff of the Fund during the audit is appreciated.

6. AUDIT OPINION

The financial statements of the Fisheries Observer Fund for the financial year ended 31 March 2009 were audited by me in terms of Section 46(7) of the Act, read with Section 25(1) (b) of the State Finance Act, 1991.

Without qualifying the audit opinion, attention is drawn to the fact that no provision has been made for possible bad debts to the amount of N\$ 226 029.

In my opinion the financial statements fairly reflect the transactions and the financial position of the Fund for the financial year ended 31 March 2009 and in all material respects the income and expenditure have been applied to the purposes intended and conform to the authorities that govern them.

Windhoek, May 2010

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

FISHERIES OBSERVER FUND

BALANCE SHEET AS AT 31 MARCH

	Notes	2009 N\$	2008 N\$
ASSETS			
Current assets		5 135 998	7 318 136
Accounts receivable	2	3 891 846	4 421 922
Cash and cash equivalents	3	1 244 152	2 345 171
Suspense accounts		-	551 043
Total assets		5 135 998	7 318 136
EQUITY AND LIABILITIES			
Current liabilities		-	422 438
Standard Bank		-	36 985
Sundry debtors		-	385 453
Accumulated funds	4	5 135 998	6 895 698
Total equity & liabilities		5 135 998	7 318 136

FISHERIES OBSERVER FUND

INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH

	2009	2008
	N\$	N\$
REVENUE	18 372 345	17 899 531
Fees:		
- Observers	14 358 187	12 490 790
- Non-observers	2 550 509	3 088 281
- Interest income	144 087	400 460
- Bank interest earned	102 202	-
- Grant – MFMR	1 200 000	1 920 000
- Bad debt recovered	17 359	-
Less: Operating expenses	13 301 221	19 012 750
Salaries and wages	13 050 392	18 942 186
Bank charges	36 079	32 401
Bad debts written-off	214 750	2 933
Erongo Marine correction account	-	35 230
Operating profit/(loss) for the year	5 071 124	(1 113 219)
Contribution to Fisheries Observer Agency	(6 050 000)	(2 500 000)
Sundry expenses	-	(400)
NET PROFIT/(LOSS) FOR THE YEAR	(978 876)	(3 613 619)

FISHERIES OBSERVER FUND**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009****1. BASIS OF PREPARATION**

The financial statements are prepared on the historical cost basis.

1.1 TRADE RECEIVABLES

Trade receivables are carried at anticipated realisable value. An estimate is made for doubtful receivables based on a review of all outstanding amounts at the year end. Bad debts are written off during the year in which they are identified.

1.2 REVENUE RECOGNITION

Revenue is recognised in the financial statements at the date that services are rendered.

2. ACCOUNTS RECEIVABLE AND PREPAYMENTS

	2009	2008
	N\$	N\$
Trade debtors (new)	3 892 846	3 735 119
Trade debtors (old)	-	686 803
Less provision for bad/doubtful debts	-	-
	3 892 846	4 421 922

3. CASH AND CASH EQUIVALENTS

	2009	2008
	N\$	N\$
Bank balances	1 244 152	2 345 171
	1 244 152	2 345 171

4. ACCUMULATED FUNDS

	2009	2008
	N\$	N\$
Retained profit beginning of the year	6 895 698	10 509 317
Adjustments	(780 824)	-
	6 114 874	10 509 317
Loss for the year	(978 876)	(3 613 619)
	5 135 998	6 895 698