



REPUBLIC OF NAMIBIA



**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE
FISHERIES OBSERVER FUND
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016**

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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 2016, 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".

WINDHOEK, November 2016

**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 2016**

1. REPORT ON THE FINANCIAL STATEMENTS

1.1 INTRODUCTION

The accounts of the Fisheries Observer Fund for the financial year ended 31 March 2016 are being reported on in accordance with the provisions set out in the Marine Resource Act, 2000 (Act No. 27 of 2000).

Figures in the report are rounded off to the nearest Namibia dollar and deficits are indicated in (brackets).

I certify that I have audited the accompanying financial statements of the Fisheries Observer Fund for the financial year ended 31 March 2016. These financial statements comprise the following:

Annexure A: Statement of Financial Position
Annexure B: Statement of Comprehensive Income
Annexure C: Statement of Changes in Equity
Annexure D: Cash Flow Statement
Annexure E: Notes to financial statement

The financial statements were submitted by the Accounting Officer to the Auditor-General in compliance with Section 23(1) of Marine Resources Act, 2000 (Act No. 27 of 2000).

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

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 46(3) of Marine Resources Act, 2000 (Act No. 27 of 2000) 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 sufficient and appropriate to provide a basis for the audit opinion.

4. ACKNOWLEDGEMENT

The assistance and co-operation given by the staff of the Fisheries Observer Fund during the audit is appreciated.

5. KEY AUDIT FINDINGS

5.1 GOOD GOVERNANCE

5.1.1 INTERNAL AUDIT AND AUDIT COMMITTEE

It was discovered during the audit, that the Fund does not have an internal audit and audit committee function in place, despite the Fund having an approved audit committee charter.

RECOMMENDATION

The Accounting Officer should ensure that internal audit- and audit committee functions are put in place.

5.1.2 INFORMATION TECHNOLOGY CONTROLS

It was once again observed during the audit, that the Fund does not have fire suppressions, UPS, generators, humidity and temperature control systems and air conditions in the server room. Furthermore, the Fund does not have documented and tested emergency procedures, IT strategic committee and disaster recovery plan in place.

RECOMMENDATION

The Accounting Officer should ensure that the IT strategy committee, disaster recovery plan documented and tested emergency procedures are put in place. Furthermore, measures to keep the server room protected from overheating and fire must also be put in place urgently.

6. UNQUALIFIED AUDIT OPINION

The financial statements of the Fisheries Observer Fund for the financial year ended 31 March 2016 was audited by me in terms of Section 46(7) of the Act, 2000.

In my opinion, the financial statements presents fairly, in all material respects the financial position of the Fisheries Observer Fund as at 31 March 2016, and their financial performance and cash flows for the year then ended.



WINDHOEK, November 2016

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

FISHERIES OBSERVER FUND
STATEMENT OF FINANCIAL POSITION
AT 31 MARCH

	Note	2016 N\$	2015 N\$
ASSETS			
Current assets			
Prepayments and trade receivables	2	11 531 974	30 391 828
Cash and cash equivalents	3	29 859 683	6 790 095
Total assets		41 391 657	37 181 923
EQUITY AND LIABILITIES			
Retained funds			
Retained funds		37 181 923	9 033 933
Surplus / (deficit) for the year		3 828 432	28 147 990
Total Equity		41 010 357	37 181 923
Short-term Liabilities			
Advances : Observer Levies	4	381 302	-
Total Short-term Liabilities		381 302	-
Total equity and liabilities		41 391 657	37 181 923

FISHERIES OBSERVER FUND
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH

	Note	2016 N\$	2015 N\$
Revenue		58 329 179	70 151 710
Fee income - observers		57 607 180	52 927 028
Interest charged on overdue customer accounts		-	60 510
Interest received - bank		721 999	258 090
Other Income		-	137 082
Government grants - Ministry of Fisheries and Marine Resources		-	16 769 000
Less: Operating expenses			
Contributions to Fisheries Observer Agency		54 500 000	42 000 000
Gross operating surplus / (deficit)		3 829 179	28 151 710
Less: Expenses		747	3 720
Bank charges		747	3 720
Net surplus / (deficit) for the year		3 828 432	28 147 990

**FISHERIES OBSERVER FUND
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH**

Retained funds	<u>N\$</u>
Balance at 01 April 2014	9 033 933
Net deficit for the year	<u>28 147 990</u>
Balance at 31 March 2015	<u>37 181 923</u>
Balance at 01 April 2015	37 181 923
Net surplus for the year	3 828 432
Balance at 31 March 2016	<u><u>41 010 355</u></u>

**FISHERIES OBSERVER FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH**

	Note	2016 N\$	2015 N\$
Cash generated by operating activities	5	22 688 286	794 305
Cash flow from financing activities			
Other borrowings		381 302	-
Decrease in cash and cash equivalents		23 069 588	794 305
Cash and cash equivalents			
- at the beginning of the year		6 790 095	5 995 790
- at the end of the year	3	29 859 683	6 790 095

**FISHERIES OBSERVER FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH**

1. Basis of preparation

The financial statements are prepared on the historical cost basis as modified by the revaluation of investments. The following are the principle accounting policies used by the fund, which are consistent with those of the previous years.

1.1 Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash in hand, deposits held at call with banks and net bank overdrafts. In the statement of financial position, bank overdrafts are included in current liabilities.

Notes to the statement of financial position	2016	2015
	N\$	N\$
2. Prepayments and trade receivables		
Trade receivables	11 527 541	30 374 660
Sundry Receivables	4 433	17 168
	11 531 974	30 391 828
3. Cash and cash equivalents		
Bank balances	29 859 683	6 790 095
For the purpose of the statement of cash flows the cash and cash equivalents comprise the following:		
Cash and bank balances	29 859 683	6 790 095
4. Short-term Liabilities / Advances		
Advances: Observer Levies	381 302	-

**FISHERIES OBSERVER FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH (Continued)**

	2016	2015
Notes to statement of cash flows	N\$	N\$
5. Cash (absorbed) / generated by operations		
Net surplus / (deficit)	3 828 432	28 147 990
Adjust for:		
Increase / (decrease) in accounts receivable	18 859 854	(27 353 685)
	22 688 286	794 305

