



REPUBLIC OF NAMIBIA



REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE

NATIONAL ARTS COUNCIL

FOR THE FINANCIAL YEARS ENDED 31 MARCH 2006, 2007 AND 2008

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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 National Arts Council for the financial years ended 31 March 2006, 2007 and 2008 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 NATIONAL
ARTS COUNCIL OF NAMIBIA
FOR THE FINANCIAL YEARS
ENDED 31 MARCH 2006, 2007 AND 2008**

1. INTRODUCTION

The Council was established in terms of Section 5 of the National Arts Fund of Namibia Act, Act No. 1 of 2005 to promote and develop the arts in Namibia; to establish a Council to control and manage the fund and to provide for related matters. The Council's income is derived mainly from Government funds.

The Council consists of seven (7) members; (a) the permanent secretary or any person in the Ministry delegated to represent the Permanent Secretary; (b) a staff member designated by the Minister who is responsible for the arts and who holds a rank not less than that of a Deputy Director; (c) a staff member appointed by the Minister responsible for finance who holds a rank or grade equal to or higher than that of deputy director; (d) four persons nominated for appointment by the Minister Institutions Organisations and individuals with vested interests in arts. The objectives of the Fund are stipulated in Section 4 of the National Arts Fund of Namibia Act (Act no. 1 of 2005) as follows -

- (a) to encourage participation of individual persons groups institutions and organisations in arts programmes;
- (b) to expand improve upgrade and develop arts activities and related educational services;
- (c) to support institutions and other bodies engaged in arts activities;
- (d) to provide and improve arts facilities especially for the socio-economically disadvantaged communities;
- (e) to grant scholarships and financial support relating to arts to individuals;
- (f) to raise funds from any source for the promotion and development of arts; and
- (g) to finance projects and programmes relating to arts;

2. SCOPE OF THE AUDIT

2.1 The Accounting Officer of the Council is responsible for the preparation of 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 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 Council in the accounting of transactions his determination of and decision on the 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.

2.2 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 -

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

3. FINANCIAL STATEMENTS

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

- Annexure A: Balance sheets
 B: Income statement

4. AUDIT OBSERVATIONS

4.1 Expenditure

4.1.1 Expenditure vouchers

The following vouchers pertaining to the 2005/2006, 2006/2007 and 2007/2008 financial years selected for audit purposes could not be provided:

Date	Description	Cheque No./ Transfers	Amount
			N\$
01/03/2006	D. Nteta Consulting	# 1	2 000.00
01/03/2006	Sitting fees	# 2	4 047.00
14/03/2006	Sitting fees	# 3	3 500.00
14/03/2006	Sitting fees	# 5	7 800.00
17/03/2006	Sitting fees	# 6	2 500.00
17/03/2006	Sitting fees	# 7	3 500.00
23/03/2006	Sitting fees	# 10	5 000.00
	Total		28 347.00
18/04/2006	Sitting fees	# 11	378.71
26/04/2006	Sitting fees	# 18	4 000.00
15/05/2006	Proline Pc	# 21	9 085.00
15/05/2006	HP OfficeJet 5610	# 23	1 825.00
15/05/2006	512 Flash Drive	# 23	435.00
18/05/2006	Projector and screen	# 24	8 800.50
26/05/2006	Sitting fees	# 26	2 000.00
29/05/2006	Sitting fees	# 27	4 000.00
03/07/2006	Rent A Chef	# 29	713.00
04/12/2006	Sitting fees	# 41	2 600.00
04/12/2006	F. Philander	# 43	2 000.00
22/01/2007	Plasti Print	# 48	3 470.00
	Total		39 307.21

Date	Description	Cheque No./ Transfers	Amount
			N\$
27/04/2007	Salaries	BS27047A	9 000.00
20/07/2007	Purchases: Tre	200707	196.73
26/07/2007	Communication allowance	# 64	400.00
26/07/2007	Communication allowance	# 68	200.00
27/08/2007	Salaries	BS27087A	9 000.00
03/09/2007	S&T for First meeting of Co	# 81	2 832.00
21/09/2007	Purchases: Tre	621898	134.95
27/09/2007	Unidentified	# 97	313.35
27/09/2007	Target Signs: Signs on Yaris	# 105	247.25
15/11/2007	Intercom	# 128	142.62
19/11/2007	Fuel: Theatre S/Station	BS19117A	278.01
27/11/2007	Salaries	BS27117A	9 000.00
28/01/2008	Salaries	BS01-02	9 000.00
06/03/2008	Computer expenses: Schoeman	BS02-01	287.50
20/03/2008	Fuel: Southgate S/Station	BS03-04	305.50
27/03/2008	Salaries	BS03-09	9 000.00
27/03/2008	Sitting fees	BS03-08	500.00
	Total		51 337.91

Recommendation

It is recommended that the Accounting Officer adheres to the requirements of the State Finance Act 1991 (Act 31 of 1991) with reference to Section 26(1) (b) (i) and (ii). All transactions must be supported by appropriate supporting documents.

4.1.2 Quotations

The auditors found that most expenditure incurred by the Council was not supported or accompanied by three quotations which is regarded as a proper procurement procedure. No policy relating to procurement procedures was submitted.

Recommendation

It is recommended that the Council develops a written policy on acquiring goods and services.

4.1.3 Bank charges

Bank charges for the financial year ended 31 March 2007 are shown in the financial statements as N\$ 10 369.13 while the total as per bank statements was only N\$ 1 369.13. An amount of N\$ 9 000 was allocated to bank charges on 27 January 2007 which appears to be a salary payment.

Recommendation

Correct amounts should be disclosed in the financial statements and reconciliations should be carried out on a monthly basis.

4.2 Grants received

During the financial year ended 31 March 2006, 2007 and 2008, grants received are disclosed as N\$ 28 781.83, N\$ 121 603.08 and N\$ 458 148.61 in the financial statements respectively which equal the expenses. The total amount received by the Council as per bank statements equals N\$ 168 862, N\$ 445 000 and N\$ 973 000 for the respectively years.

The balances are shown in the balance sheets as long term liabilities instead of accumulated funds. The income statement should reflect the total grants received, actual expenditure and the difference being a surplus or a deficit for the year. The surplus or deficit should then be added to or subtracted from the previous year's balance to show the current accumulated funds balance.

Recommendation

It is recommended that the disclosure of transactions in the financial statements should be revised to agree with the above-mentioned principle.

4.3 General

4.3.1 Bank reconciliation

During the audit it was observed that the Accounting Officer only prepared bank reconciliations at the end of each financial year.

Recommendation

The Accounting Officer is advised to do reconciliations on a monthly basis and to keep record of cheques outstanding for more than 6 months.

4.3.2 Grants distributed

The auditors were not provided with records on grants distributed to artists. These grants amounted to N\$ 65 771.30 in total.

Recommendations

It is recommended that the Accounting Officer adheres to the requirements of the State Finance Act 1991 (Act 31 of 1991) with reference to Section 26(1) (b) (i) and (ii). All transactions must be supported by appropriate supporting documents.

5. ACKNOWLEDGEMENT

The courtesy and assistance rendered by the staff of the National Arts Council of Namibia to the auditors during the audit is highly appreciated.

6. QUALIFIED AUDIT OPINION

The financial statements of the National Arts Council of Namibia for the financial years ended 31 March 2006 2007 and 2008 were audited by me in accordance with the provisions of Section 17(2) (b) of the National Arts Fund Act, Act No.1 of 2005.

The audit opinion has been qualified due to the following reasons:

- Expenditure to the amount of N\$ 28 347 for 2006, N\$ 39 307 for 2007 and N\$ 51 338 for 2008 was not supported with supporting vouchers.
- The grants received have been misstated by N\$ 140 080 for 2006, N\$ 323 397 for 2007 and N\$ 514 851 for 2008.

Except for the above-mentioned remarks, I certify that in my opinion the financial statements fairly present the financial position of the Council for the financial years ended 31 March 2006, 2007 and 2008 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**

BALANCE SHEETS FOR THE FINANCIAL YEARS

ENDED 31 MARCH 2006, 2007 and 2008

	2005/2006	2006/2007	2007/2008
	N\$	N\$	N\$
Assets			
Fixed assets	-	15 712.17	138 280.71
Motor vehicles- Value	-	-	109 885.29
Computer equipment- Net value	-	8 745.10	5 908.81
Office equipment- Net value	-	6 967.07	7 734.89
Furniture and fittings	-	-	14 751.72
Current assets	140 080.17	447 764.92	840 047.77
Bank Windhoek current account	140 080.17	446 878.09	8940 010.90
Supplier control account	-	886.83	36.87
Total assets	140 080.17	463 477.09	978 328.48
Equity and Liabilities			
Long-term borrowings	140 080.17	463 477.09	978 328.48
Long-term liabilities	140 080.17	463 477.09	978 328.48
Total Equity and Liabilities	140 080.17	463 477.09	978 328.48

INCOME STATEMENT FOR THE FINANCIAL YEARS

ENDED 31 MARCH 2006, 2007 and 2008

	2005/2006	2006/2007	2007/2008
	N\$	N\$	N\$
Income	28 781.83	121 603.08	458 148.61
Grants received	28 781.83	121 603.08	458 148.61
Grants distributed	-	-	65 771.30
Grants Distr- Performing Arts	-	-	63 126.00
Grants Distr- Visual Arts	-	-	2 645.30
Operating expenses	28 781.83	121 603.08	392 377.31
Accounting fees	-	-	2 576.00
Advertising and promotions	-	35 331.64	206 457.38
Bank charges	434.02	10 369.13	3 026.37
Board member sitting & other fees	22 300.00	24 475.00	13 100.00
Computer expenses	-	450.00	2 885.00
Consulting fees	6 047.52	378.71	-
Courier & postage	-	336.00	331.10
Depreciation	-	4 433.33	19 406.09
Donations	-	-	5 000.00
Entertainment expenses	-	1 000.82	849.96
Insurance	-	-	7 370.26
Motor vehicle expenses	-	-	830.76
Repairs and maintenance	-	-	1 347.62
Printing & stationery	-	8 378.45	-
Rent paid	-	350.00	-
Salaries & wages	-	36 100.00	117 000.00
Telephone and fax	-	-	2 854.77
Travel and accommodation	-	-	7 410.00
Workshops	-	-	1 932.00
Interest paid	0.29	-	-