



**REPUBLIC OF NAMIBIA**



**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE**

# **NATIONAL ARTS COUNCIL**

**FOR THE FINANCIAL YEARS ENDED 31 MARCH 2009**

Published by authority

Price (Vat excluded) N\$ 18.20

Report no: 898

**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 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, November 2010**

**JUNIAS ETUNA KANDJEKE  
AUDITOR-GENERAL**

**REPORT OF THE AUDITOR- GENERAL  
ON THE ACCOUNTS OF THE NATIONAL  
ARTS COUNCIL OF NAMIBIA  
FOR THE FINANCIAL YEAR  
ENDED 31 MARCH 2009**

---

**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 the 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 terms of 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 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 Sheet

Annexure B: Income Statement

### 4. AUDIT OBSERVATIONS

#### 4.1 EXPENDITURE

##### 4.1.1 Expenditure Vouchers

The following expenditure vouchers selected for audit purposes could not be provided:

Date	Cheque number	Amount (N\$)
21/08/2008	204	724.00
25/09/2008	227	332.00
15/09/2008	228	994.62
20/10/2008	239	500.00
20/10/2008	248	3 000.00
20/10/2008	254	2 000.00
26/11/2008	266	379.95
03/12/2008	278	5 000.00
02/12/2008	283	2 605.00
20/02/2009	313	500.00
		<b>16 035.57</b>

Note: The none-submission of vouchers has been reported on for the past four consecutive years.

## **Recommendation**

The Council is recommended to adhere to the requirements of the State Finance Act, 1991 (Act 31 of 1991), with reference to Section 26(1)(b)(i) and (ii) which stipulates that all transactions should be supported by the necessary supporting documents.

### **4.1.2 Grant distributed**

Once again the Auditors were also not provided with records of artists paid/sponsored by the Council which amounted to N\$ 386 316.75 (2009) and N\$ 65 771.30 (2008) respectively.

## **Recommendation**

The Council is recommended to adhere to the requirements of the State Finance Act, 1991 (Act 31 of 1991), with reference to Section 26(1)(b) (i) and (ii) which stipulates that all transactions should be supported by the necessary supporting documents.

## **4.2 REVENUE**

### **4.2.1 Grant Received**

Grants received is disclosed as long term liabilities in the Balance Sheet for the fourth consecutive year; this financial year the amount was N\$ 1 405 000 and N\$ 973 000 (2008). The Balance Sheet provided to the auditors did not balance. Total equity is disclosed as N\$ 1 727 048.86 while total assets is N\$ 1 295 907.11 which gives an unexplained difference of N\$ 431 141.75.

## **Recommendation**

It is recommended that the disclosure of transactions in the financial statements should be in accordance with GAAP (Generally Accepted Accounting Practise) requirements, where total assets must be equal to equity and liabilities.

## **4.3 FINANCIAL STATEMENTS**

### **4.3.1 Incomplete Financial Statements**

The auditors were not provided with the General Ledger for the period 1 April 2008 to 31 July 2008.

## **Recommendation**

The Council is advised to keep a complete set of financial statements and should submit them timely.

## **5. ACKNOWLEDGEMENT**

Courtesy is extended 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 year ended 31 March 2009 were audited by me in accordance with the provisions of Section 17(2)(b) of the National Arts Fund Act, 2005 (Act No.1 of 2005).

The Audit Opinion has been qualified due to the following reasons:

- Records of artists paid/sponsored by the Council amounting to N\$ 386 316.75 could not be verified.
- Balance Sheet that did not balance.
- Incomplete General Ledger.
- None submission of cash flow statement, statement of changes and equity and the notes to the financial statements.

Except for my remarks made above, I certify that in all material respects the income and expenditure have been applied to the purposes intended and conform to the authorities that govern them.

**WINDHOEK, November 2010**

**JUNIAS ETUNA KANDJEKE  
AUDITOR-GENERAL**

**BALANCE SHEET FOR THE FINANCIAL YEAR  
ENDED 31 MARCH**

	<b>2008/2009</b>	<b>2007/2008</b>
	N\$	N\$
<b>Assets</b>		
<i>Fixed Assets</i>	<b>104 771.44</b>	<b>138 280.71</b>
Motor Vehicle- Value	87 908.22	109 885.29
Computer Equipment- Net Value	1 831.74	5 908.81
Office Equipment- Net Value	3 967.69	7 734.89
Furniture and Fittings	11 063.79	14 751.72
<i>Current Assets</i>	<b>1 191 135.67</b>	<b>840 047.77</b>
Current Account	1 191 135.67	840 010.90
Supplier Control Account	-	36.87
<b>Total Assets</b>	<b>1 295 907.11</b>	<b>978 328.48</b>
<b>Equity and Liabilities</b>		
<i>Long Term Borrowings</i>	<b>1 405 000.00</b>	<b>978 328.48</b>
Long Term Liabilities	1 405 000.00	978 328.48
Profit for the year	322 048.86	-
<b>Total Equity and Liabilities</b>	<b>1 727 048.86</b>	<b>978 328.48</b>

**INCOME STATEMENT FOR THE FINANCIAL YEAR  
ENDED 31 MARCH**

	<b>2008/2009</b>	<b>2007/2008</b>
	N\$	N\$
<b>Income</b>	<b>1 422 135.62</b>	<b>458 148.61</b>
Grants received	1 405 000.00	458 148.61
Insurance refund	141.51	-
Interest received	16 944.11	-
<b>Grants Distributed</b>	<b>386 316.75</b>	<b>65 771.30</b>
Grants - Performing Arts	100 339.57	63 126.00
Grants - Visual Arts	137 145.43	2 645.30
Grants -Literature	148 831.75	-
<b>Operating Expenses</b>	<b>713 770.01</b>	<b>392 377.31</b>
Accounting fees	4 082.00	2 576.00
Advertising and promotions	165 990.14	206 457.38
Bank charges	5 958.28	3 026.37
Board member sitting & other fees	13 900.00	13 100.00
Board Member Loan	1 500.00	-
Board refreshments	1 308.00	-
Bursaries	24 000.00	-
Computer expenses	14 284.56	2 885.00
Consulting fees	-	-
Courier & postage	698.00	331.10
Depreciation	29 075.91	19 406.09
Donations	-	5 000.00
Entertainment expenses	-	849.96
Insurance	-	7 370.26
Motor vehicle expenses	4 546.93	830.76
Repairs and maintainance	2 605.00	1 347.62
Printing & stationery	6 240.00	-
Salaries & wages	179 075.76	117 000.00
Telephone and fax	10 411.96	2 854.77
Travel and accommodation	44 589.02	7 410.00
Workshops	-	1 932.00
Selection committees	13 200.00	-
Sponsorship	192 304.45	-
<b>Profit/ Loss Before Tax</b>	<b>322 048.86</b>	<b>-</b>